Austria	Sch35	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.00	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es165
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	M$4.25	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft120	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr150	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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D 8523A

SOVIET UNION

Glasnost alive on the airwaves

Page 5

World News

Mandela trial halted by kidnapping of key witness

The kidnap and assault trial of Mrs Winnie Mandela was halted in Johannesburg after the prosecution announced that one of the trial's key witnesses had been kidnapped. Page 20

Lithuania ready

The Lithuanian parliament launched the process of approving its new constitution as final figures confirmed a 90 per cent vote in favour of an "independent, democratic republic". Page 4

Bomb swindle

An insurance swindle, not Gulf war terrorism, was the motive behind bombs planted at a chemical facility about 10 miles from Norfolk Naval Base in Virginia, the Federal Bureau of Investigation said.

Arms cuts meeting

Negotiators from 22 countries met in Vienna to begin the second stage of an agreement to cut conventional forces in Europe. Page 4

Restaurant attacked

At least 15 people died and 18 others were wounded when Mozambique National Resistance rebels attacked a crowded restaurant 10 miles south-west of Maputo.

Border to be eased

The Soviet Union is reported to be planning to cut the number of restricted and prohibited border zones between Finland and Soviet Karelia by one-third.

Hong Kong accused

Hong Kong journalists accused the colony's government of colluding with Peking to curb press freedom before the territory is handed back to China in 1997.

Ershad delay

The trial of former Bangladeshi president Hossain Mohammad Ershad was postponed after the High Court asked the government to show why he should not be exempted from charges of possessing unlicensed weapons.

Punjab talks urged

Simranjit Singh Mann, leader of India's main Sikh political party, urged militants in the troubled Punjab to accept an offer of talks by prime minister Chandra Shekhar.

Help for Vietnam

The European Community, which began an assistance programme this month for Vietnamese boat people returning home, may resume large-scale aid to Vietnam if the project is a success.

Gauge gets blame

Technicians at a nuclear plant that shut down in Japan's worst nuclear accident on Saturday initially disregarded warning signs because they suspected a gauge measuring radioactivity was broken, officials said.

Mongolia famine fear

Fear of famine is stalking the frozen steppes of Mongolia, which is suffering its hardest winter in living memory.

New Pakistan daily

Pakistan's first national English-language daily, The News, was launched with simultaneous printing in three cities.

Bribery charges

Three South Korean members of parliament face arrest on bribery charges in connection with lavish overseas junkets, prosecutors said.

Backward British

The British have less confidence in their education system than any other nation in Europe, according to a study of European attitudes commissioned by Reader's Digest magazine. Danes, Swiss and Finns scored highest. Page 4

Business Summary

Carter Hawley Hale files for Chapter 11 protection

Carter Hawley Hale, biggest department store company in the western US, became the latest highly-leveraged US retailing group to file for protection from its creditors under Chapter 11 of the US federal bankruptcy code.

The company was yet another victim of liquidity problems stemming from falling consumer spending and the need to maintain interest payments on its debt. Page 22

BLUE ARROW: City of London financial advisers lied to protect their reputations and the value of shares in the UK employment agency when the company's record breaking £837m ($1,632m) rights issue flopped, a Serious Fraud Office prosecutor alleged in court. Details, Page 9

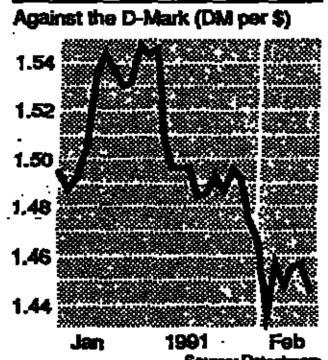
BORIS Fedorov, former minister of finance of the Russian Federation, is to join the European Bank for Reconstruction and Development as a head of department. Page 20

FOSTER'S Brewing Group, formerly Elders IXL, posted a 31 per cent fall in interim net profits from A$154m ($120m) to A$107m and cut its dividend from 8.5 cents to 2.5 cents. Page 21

DOLLAR: Comments by deputy Bundesbank president Helmut Schlesinger indicating that Germany is not keen to continue support for the dollar helped push the currency down to a record closing low of DM1.4450 from DM1.4565 in London. Currencies, Page 42

Dollar

Against the D-Mark (DM per $)



Source: Datastream

MARKETS: At 1pm in New York, the Dow Jones Industrial Average was up 40.84 at 2,871.53 on turnover of 154m shares as institutional investors committed sizeable funds to the market amid hopes of another cut in interest rates. Frankfurt: DAX closed 20.92 or 1.4 per cent ahead at 1,488.74. Paris: interest rate optimism pushed the CAC 40 index up 14.54 to a year's high of 1,637.29. Tokyo was closed for a national holiday. World Stock Market reports, Back Page, Section II

THOMSON Consumer Electronics (TCE), French state-owned television manufacturer, has launched its long-awaited high definition television set (HDTV). Page 20

MITSUBISHI Motors, Japanese automotive group, is pursuing negotiations with the Dutch Government with the aim of acquiring an equity stake in Volvo Car BV, Dutch car maker 70 per cent owned by Dutch state interests and 30 per cent by Volvo, Swedish car and truck producer. Page 22

OTIS Elevator, world's biggest lift maker, is to enter a joint venture with two Soviet partners in Leningrad. Page 3

REYNOLDS Metals, second-biggest US aluminium group, launched an American-made range of food packaging products in Germany. Page 3

LAC Minerals, Canadian gold producer, plans to acquire the 35.3pc stake in Colorado-based Bond International Gold it does not already own. Page 24

AUSTRALIAN Consolidated Industries (ACIL), formerly Bell Resources, reported a net interim loss of A$91m ($79m) for the half-year to end December. Page 25

London-Bonn accord is blow to French plan for European bank

Kohl backs Major over Emu

By David Marsh in Bonn

GERMANY is willing to respect Britain's desire to "go slow" on fulfilling Stage 2, planned for 1994, of deepening European monetary integration, it emerged yesterday after talks in Bonn between Chancellor Helmut Kohl of Germany and Mr John Major, the UK prime minister.

Britain's opposition to rapid action towards economic and monetary union (Emu) stated repeatedly by Mr Major in recent months, adds powerfully to scepticism over Emu already displayed by the Bonn Finance Ministry and by the Bundesbank, the German central bank.

The first stage of Emu has produced the current system of semi-fixed exchange rates, while Stage 2 would move towards changing the present European Monetary System into a scheme of permanently fixed currencies administered by a single European central bank.

The current London-Bonn accord deals a potentially mortal blow to the French-inspired plan of making significant moves towards a European central bank and common currency in three years' time.

After a morning of talks with Mr Kohl, Mr Major indicated tacit accord with Bonn on avoiding haste in moving towards Emu. The prime minister said he was "optimistic" about reaching a conclusion over European integration which would be "satisfactory to the UK and its European partners."

The Anglo-German meeting also signalled a new entente over the Gulf war as Mr Major stressed that there were "no differences" with Bonn over the aims of the military action against Iraq.

On Mr Major's first visit to Bonn since taking office in November, both leaders were keen to emphasise the smoothness of their discussions – in contrast to the turbulence frequently evident in the contacts between Mr Kohl and Mrs Margaret Thatcher, Mr Major's predecessor.

A senior German official last night confirmed Mr Kohl's high opinion of Mr Major as a trusted partner both for the duration of the Gulf war and for future negotiations over European political and monetary union. "He (Mr Kohl) believes he has found a good personal relationship," he said.

Mindful of recent criticism of Germany in the British and US media over its initial lack of commitment to the allied armies facing Iraq, Mr Kohl

Continued on Page 20
Observer, Page 19

British prime minister John Major and German chancellor Helmut Kohl turn to the translator during their talks yesterday

US likely to pause before land battle

By Lionel Barber in Washington and David White in London

OPTIONS for a land war to liberate Kuwait and estimates of likely US casualties were presented yesterday to President George Bush, amid signs that the US high command was leaning toward a short delay before launching a full-scale ground campaign.

Mr Dick Cheney, US defence secretary, and General Colin Powell, chairman of the Joint Chiefs of Staff, fresh from a four-day visit to Saudi Arabia, gave the president a first-hand assessment of the allied bombing campaign against Iraq and delivered recommendations on the timing and scope of a ground assault against the dug-in Iraqi forces.

They gave their briefing as US and allied air forces intensified their bombing campaign, now directed mainly at tactical targets in the Kuwait region.

Another Scud missile was fired against Israel from western Iraq during the evening rush-hour yesterday – the 32nd since the conflict began – but landed in a deserted area causing no casualties. Air raid sirens also sounded in Riyadh last night.

US pilots, meanwhile, reported that they had destroyed at least four mobile Scud launchers.

US officials cautioned against the idea that Mr Bush would make an immediate decision on a ground offensive.

One option, reported to be favoured by the Pentagon, is for a gradual shift towards a ground action involving selective probes aimed at flushing out Iraqi tanks and infantry for targeting by allied warplanes. This would help to dampen congressional concern about the scale of US casualties and allow the allies to test enemy morale and fighting strength.

The allies now have detailed estimates of the state of Iraqi forces' stocks in the Kuwait region and of their possibilities for resupply.

US military officials remained concerned that despite more than three weeks of heavy aerial pounding, the mass of Iraqi artillery, tanks and infantry was still entrenched in southern Iraq and Kuwait.

For Mr Bush, the decision on when to commit his ground forces is the most delicate of the war. Already, both Republican and Democrat congressional leaders have voiced nervousness about a ground war and the threat of Iraqi chemical weapons.

Mr Dan Burton, the Indiana Republican, yesterday became the first US congressman to call publicly for tactical nuclear weapons to bring the war to an early decisive conclusion.

On the diplomatic front, the White House took a relaxed view of President Mikhail Gorbachev's decision to send a special envoy to Baghdad. Mr Yevgeny Primakov's planned talks with President Saddam Hussein are seen in Washington as having little chance of securing a peaceful resolution of the war.

Mr Tom King, British defence secretary, and Marshal of the RAF Sir David Craig, chief of the defence staff, are due to hold talks with Mr Cheney today.

Mr Pierre Joxe, the new French defence minister, is also due in Washington, a sign that France is being more accomodating towards the US since Mr Jean-Pierre Chevènement resigned late last month. Mr Moshe Arens, Israel's defence minister, was also briefed yesterday by Mr Cheney.

Other Gulf news, Page 2

USAir, BA announce job cuts as industry recession deepens

By Nikki Tait in New York and Paul Betts in London

USAIR yesterday became the latest of leading US carriers to announce significant staff cuts because of the financial problems which are affecting the airline industry.

In London British Airways confirmed expected job cuts and also announced substantial fare reductions on the New York to London route.

The BA move to cut prices was quickly followed by a series of announcements from competing airlines, including Lufthansa, Pan Am and TWA, that they would also cut transatlantic fares. KLM Royal Dutch Airlines said it was also planning discounts.

USAir said that it was making 3,585 employees redundant, at least temporarily, out of a total workforce of about 50,000, while the UK carrier is to cut 13 per cent of its 50,000 workforce.

The lay-offs by USAir will take place over the next couple of months. The aggregate figure covers 660 pilots jobs, 540 flight attendants, over 500 maintenance and utility staff, 305 reservation agents and 1,300 customer service agents.

The airline, the seventh largest domestic carrier in the US, also said that the number of daily flight departures would be reduced from 2,894 to 2,626 by May 2. It announced last month that it was pulling out of six airports in California, effectively cutting its service there by one-third.

It also said that it was eliminating flights from two north-west airports, in Washington and Oregon, and curtailing flights from Cleveland and Baltimore-Washington International Airport. These reductions are included in the May 2 total.

However, USAir added that it intended to increase services from Pittsburgh, Charlotte and Philadelphia. About 10 to 20 flights a day will be added in each case.

USAir's action follows hefty cutbacks at other ailing US airlines, such as Trans World Airlines, Pan Am and even the relatively strong American Airlines. USAir announced a $221.1m loss in the fourth quarter of 1990, blamed largely on fuel price rises and fare discounting, bringing its full-year deficit to $454m after tax.

In London British Airways last night announced that it planned to cut 6,600 jobs because of the deepening recession and the severe impact of the Gulf war on worldwide air travel.

The company also announced fare cuts on its New York to London routes.

The UK carrier is offering 33 per cent fare reductions on its regular return 30-day advance fare from New York to London to attract US passengers who have deserted the London route. The cuts do not apply for tickets bought in the UK.

Under the new programme of reduced fares, the New York to London Apex return fare will drop to $481 midweek and $521 at weekends from April 6 to May 31 and during October. From June 1 to September 30 the fares would be $588 midweek and $628 at weekends.

The BA move is expected to put pressure on Pan American

Continued on Page 20
Pressure at Heathrow, Page 8

EC's farm budget rises by record Ecu7.9bn

By David Gardner in Brussels

THE EC's agriculture budget is running out of control with a record increase of Ecu7.9bn ($10.9bn) now forecast for spending on farm price supports this year, according to a confidential Commission memorandum.

The new figure exceeds the budget approved only last December by Ecu1.9bn bringing the total farm support budget to Ecu33bn. Farm spending accounts for 60 per cent of the EC budget.

It means that the EC is set to breach for the first time the finance limit or "guideline" on agriculture established in February 1988, which was intended to end the recurrent Community budget crises of the mid-1980s.

The memorandum forecasts total spending of Ecu33bn, breaking the "guideline" by Ecu880m. On present trends, expenditure would rise still further in 1992, by another Ecu4bn, exceeding that year's outside limit by Ecu2bn.

The projections should reinforce the hand of those in the European Commission pressing a plan for radical reform of the Common Agricultural Policy (CAP), which is being resisted by some member states, including the UK.

The memo, drafted by the Commission's agriculture directorate and sent to Mr Ray MacSharry, EC agriculture commissioner, says "the agricultural budget situation is deteriorating rapidly", and concludes that "two different options can be envisaged realistically".

The first is "in depth reform of the CAP". This would entail rolling over last year's farm price regime – which is due to be modified next month – and phasing in the detailed reform proposals Mr MacSharry outlined to EC farm ministers last week, leading "to the first important savings in 1992".

The Commission has endorsed the MacSharry reform plan, which calls for severe cuts in support for farm produce ranging from cereals to beef. It proposes full compensation for small farmers and partial refunding of the price cuts to larger farmers, but only if they take land out of production.

The second option outlined would be a continuation of the status quo but with a strengthened arsenal of restrictions on oversupply. There would be no funds available to compensate farmers for price cuts.

Alarm over crisis, Page 27

CONTENTS

France fights temptation of more state aid for industry

Over the past decade, successive French administrations have attempted to draw the state back from its role of active support for industry. But economic pressures may force a rethink on Michel Rocard

Page 5

MARKETS

STERLING
New York lunchtime:
$1.997
London:
$1.9975 (1.9875)
DM2.8875 (2.895)
FFr9.8425 (9.8575)
SFr2.4675 (2.4725)
Y255.00 (254.0)
£ index 94.2 (94.2)

GOLD
New York: Comex Apr
$369.0 (372.4)
London:
$367.75 (370.25)

N SEA OIL (Argus)
Brent Apr
$19.5 (19.975)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.4465
FFr4.932
SFr1.23675
Y127.67
London:
DM1.445 (1.4565)
FFr4.9275 (4.96)
SFr1.235 (1.244)
Y127.7 (127.8)
$ index 59.3 (59.5)
Tokyo: Closed

US LUNCHTIME RATES
Fed Funds $6\frac{5}{16}$%
3-mo Treasury Bills:
yield: 6.079%
Long Bond:
$99\frac{1}{16}$
yield: 7.952%

STOCK INDICES
FT-SE 100:
2,279.0 (+33.8)
FT Ordinary:
1,793.7 (+33.5)
FT-A All-Share:
1,089.53 (+1.6%)
New York lunchtime:
DJ Ind. Av.
2,862.87 (+32.18)
S&P Comp
364.36 (+5.01)
Tokyo: Closed

LONDON MONEY
3-month Interbank:
closing $13\frac{1}{2}$% ($13\frac{3}{8}$%)
Life long gilt future:
Mar $92\frac{9}{16}$ ($92\frac{17}{32}$)

Pilots report hits on mobile Scud launchers

Allied aircraft step up assault on Iraqi forces

By Victor Mallet in Riyadh and **Tony Walker** in Dhahran

THE US-led multinational alliance yesterday intensified its aerial bombardment of Iraqi forces in Kuwait and the Basra area of southern Iraq, launching more than 2,900 air sorties in preparation for a possible land battle.

Brig-Gen Richard Neal, of the US central command in Riyadh, said: "There is no division, no brigade, no battalion that is spared attacks from our pilots. I think it's fair to assume that we are in fact intensifying the air campaign, particularly against the Republican Guard in what we call our battlefield preparation phase."

He described Basra as "a military town" in the sense that the military infrastructure was interwoven with the city itself, although he repeated that the allies were trying to avoid civilian casualties.

In attacking chemical plants, the multinational forces used the kind of munitions which would limit contamination, he said. Brig-Gen Neal did not elaborate, but it is assumed he meant the allies are using bombs or missiles which burn up chemical agents.

Allied military commanders admit they cannot completely stop Iraqi efforts to resupply forces occupying Kuwait, but they have severely restricted the flow of traffic and are now attacking pontoon bridges used to repair or replace bridges already damaged.

US pilots reported hitting at least four and possibly five mobile Scud launchers, further reducing Iraq's long-range missile capabilities against Israel and Saudi Arabia. British aircraft attacked Silkworm shore-to-ship missile sites.

The skies over Kuwait and southern Iraq are so crowded with allied warplanes that US commanders are concerned about the possibility of mid-air collisions. "It's congested up there," said Col Garry Vollger, an airborne warning and control officer at an airbase in central Saudi Arabia.

Group Captain Niall Irving, the British spokesman, said a Lynx helicopter had hit and apparently sunk an Iraqi patrol boat with Sea Skua missiles.

He also acknowledged – when asked why so many Iraqi vessels had appeared after the Iraqi fleet was supposed to have been all but eliminated – that some earlier attacks were not as successful as had been thought.

Col Ahmed al-Rubayan, the Saudi spokesman for the Arab forces, announced that 300 Afghan mujahedin with small arms were joining the alliance.

The move, which has apparently caused dissent among the various mujahedin factions, is more political than military, but Col al-Rubayan said: "They have the experience fighting against Russian tactics and I think they will be beneficial."

He also said all prisoners-of-war – there are already more than 1,000 – would be given gas masks to protect against chemical attack from their own forces. Iraqi deserters continue to cross the front line: nine surrendered yesterday.

Iran may keep jets which fled the war

By Paul Abrahams and **Victor Mallet** in Riyadh

IRAN may not hand back the most valuable fighter aircraft of the Iraqi air force, worth at least $2bn, that have fled over the Iranian border, according to diplomatic sources in the Middle East.

The Iranians may decide to keep the aircraft after the conflict as reparations for the eight-year Iran-Iraq war which was started by President Saddam Hussein when he invaded Iran in 1980. Iranian President Hashemi Rafsanjani recently put the economic losses sustained by his country during the Iran-Iraq war at $600bn.

The decision would be a serious blow for the Iraqis who, the allies now believe, deliberately flew some 147 aircraft – including 121 combat jets – to Iran in an effort to preserve at least some of their air force. Allied commanders no longer believe the flight of the aircraft was a spate of defections.

Iraq used inexperienced pilots to fly half of its best fighter-bombers into Iran, and has kept its most proficient pilots and the rest of its top-flight aircraft inside Iraq, according to allied military officials yesterday.

A number of Iraqi aircraft crashed while flying to Iran or on landing there, and there have been several instances where Iran-bound pilots failed to take basic evasive action, even when attacked by allied aircraft.

The exact value of Iraqi jets in Iranian hands is difficult to estimate. At the best of times, the pricing of military aircraft is tricky because they tend to be sold in packages which include training, documentation and spares, warns Mr Mark Lambert, editor of Jane's All the World's Aircraft.

However, even at pre-war rates, Iraq's 15 Mig-29s in Iran are worth about $450m and the 20-odd Su-24 strike jets are worth about $640m, according to Mr Lambert. The Adnam Il-76, which carries an early warning radar system, may have cost about $50m.

The remaining military aircraft in Iran are probably Soviet manufactured Su-25s and Mig-23s, together with French Mirage F-1s. Neither of the latter are still in production. Replacements or upgrades would cost more than $1bn. The cost of replacing the assorted civil and military transport aircraft is impossible to evaluate.

The Iraqi jets in Iran are no longer seen as a significant threat to the alliance because they have been widely dispersed throughout the country, which would make command and control difficult, and because they need specialised maintenance facilities.

The officials said there was no sign of any maintenance work on Iraqi jets in Iran. Some had been moved into shelters, but by and large they are sitting beside runways on Iranian bases.

The threat to the alliance's eastern flank from the Iran-based aircraft is regarded as minimal, but the allies have not ruled out what they call a kamikaze-style massed aircraft strike from Iran or Iraq itself.

UK plans Saudi trade mission

By Andrew Taylor

BRITAIN is to establish a permanent trade mission in Saudi Arabia to assist UK companies when the reconstruction of Kuwait gets under way, Lord Prior, chairman of GEC, said yesterday.

He said some Kuwaiti officials had suggested that the cost of rebuilding the country could be as high as $100bn (£51.2bn)

Lord Prior said companies planned to establish a trade mission in Dammam close to the port of Dhahran. The office – to be financed by the private sector – will come under Mr Christopher Wilton, Britain's commercial councillor in Saudi Arabia. It will be manned by five or six businessmen and industrialists representing different sectors of British industry and commerce.

Lord Prior, a former cabinet minister, said UK companies were also considering the charter of a ship which would be moored off Kuwait and contain engineers, water, sanitation and health experts to assist with emergency restoration of basic services.

The proposals were announced at a briefing given by the Department of Trade and Industry. This followed a visit at the weekend by Lord Prior and other British industrialists to the exiled Kuwaiti government in Saudi Arabia.

There has been criticism by British companies that the department has been slow to press Britain's case and that as a result US construction and engineering companies were likely to win the lion's share of contracts.

The US Corps of Engineers, part of the army, which has strong links with the US private sector, has already been awarded a 90-day contract to manage the initial restoration of essential services.

Lord Prior did not agree US companies had stolen a march. He said British companies would work with and not against US companies. There was still a vast amount of work to be awarded.

For example, contracts for 500 and 2,000 telecommunications lines had been placed so far with Motorola of US and Ericsson of Sweden respectively. This compared with 90,000 lines in Kuwait City which were likely to need replacing, said Lord Prior.

He said the British Crown Agents could provide a useful staging post for orders placed to smaller British companies.

NEWS IN BRIEF

Rejection of horror weapons urged

THE Soviet Union is calling on both sides in the Gulf conflict formally to renounce the use of any chemical, biological or nuclear weapons, in an effort to prevent any further escalation or spread of the war, writes Quentin Peel in Moscow.

The move was announced yesterday by Mr Alexander Dzasokhov, a senior foreign policy adviser to President Mikhail Gorbachev, as the Soviet leader's personal envoy, Mr Yevgeny Primakov, left for Baghdad on a new attempt to promote a peace settlement.

Soviet officials cautioned against any expectation of significant new proposals from the Primakov visit, saying that he would still insist on Iraq abiding by all the UN resolutions, including withdrawal of its forces from Kuwait.

Iraq and Kuwait due at meeting

Officials from 15 non-aligned countries yesterday met in Belgrade to work on a political solution to the Gulf crisis as representatives from Kuwait and Iraq were expected to join the two-day closed session, Tanjug, the Yugoslav news agency said, writes Laura Silber from Belgrade. Mr Dirni Rzuki, a high-ranking Kuwaiti Foreign Ministry official, yesterday arrived and Iraqi officials were expected later in Belgrade, reported Tanjug.

Saddam's radio goes faint

Frequency signals from Radio Baghdad – a key weapon in President Saddam Hussein's propaganda war – are becoming increasingly faint apparently as a result of damage to Iraq's infrastructure brought about by allied bombing, reports **Jimmy Burns** in London.

Belgium asks to help more

Britain has asked Belgium for further military help to meet the growing costs of the Gulf war, with a series of detailed requests for military equipment, writes Lucy Kellaway in Brussels.

France send the marines

French forces in the Gulf are to be reinforced with an 800-strong regiment of marines, writes Ian Davidson in Paris. The 2nd Regiment of Marine Infantry which leaves today will be assigned mainly to the defence of the support echelons. The French expeditionary corps will then number around 14,000 men, of which 10,500 are in the army division code-named Daguet, 1,500 in the air force, and 2,000 in the logistics and medical corps.

Genscher heads for Mideast under cloud

By David Goodhart in Bonn

MR HANS-DIETRICH Genscher, the German foreign minister, today starts a Middle East tour to Egypt, Syria and Jordan, in the wake of unprecedented public criticism within Germany of his presentation of the country's Gulf policy.

Mr Genscher yesterday risked further alienation by implying, in a radio interview, that the Palestine Liberation Organisation was still a potential negotiating partner. His party colleague, Mr Otto Lambsdorff, contradicted him, after a visit to the US, saying that Bonn must change its position on recognising the PLO. Mr Lambsdorff, along with other leading German politicians recently in the US, has warned of the damage done to US-German relations by Germany's hesitant show of solidarity over the Gulf and has also warned that Germany will be expected to pay more towards the war.

Mr Genscher will, however, have won some approval in Washington and London for saying that Germany must take on more responsibility in the world, especially through the UN, and repeating that the country's constitution must be changed to allow a German military role in UN actions.

This could happen soon after the Gulf war has ended, as enough Social Democrats might vote with the government to provide the two-thirds majority needed for a constitution change. The SPD, however, is likely to ask for strict export controls on weapons to be spelt out in the constitution.

The party accepted the government's recent decision to send defensive weapon systems to Israel, despite the fact that it breaks the policy of not sending weapons to areas of tension, but is now worried that a similar exception is being made for Egypt.

● The official prosecutor's office in Cologne said yesterday it was investigating allegations that the company Strabag Bau AG had been involved in the delivery of diamond drills to Iraq in defiance of the UN embargo. The authorities in Cologne were alerted by the official prosecutor in Koblenz who has been investigating the manufacture of the drills by the Wiedtal company in Neustadt.

Hurd backs European role in security talks

MR Douglas Hurd, Britain's foreign secretary, called yesterday for an early meeting between foreign ministers of the European Community and the Gulf states to explore possible Middle East security arrangements once the Gulf war ends, writes **John Wyles** in Rome.

After talks with Mr Gianni De Michelis, his Italian counterpart, Mr Hurd strongly supported Europe taking a role in defining a new peace and security order in the Gulf region and in promoting an end to the Arab-Israel conflict.

But he remained cool on the idea of the EC establishing new mechanisms for forging common foreign and defence policies.

On route to London after talks with leaders of Egypt and Saudi Arabia, the foreign secretary stressed the need to co-ordinate peace planning, not only with countries in the region but with the US and Canada.

Mr Hurd appeared responsive to suggestions that after the war Israel should be encouraged to seek separate agreements with Middle East members of the anti-Iraq coalition. He said it was clear to him that no such agreements could be made with Jordan, Syria and Saudi Arabia without resolution of the Palestinian question.

For the moment, he said, Britain had no preference between a peace conference on the Palestinian question – which would require careful preparation – and Italian-Spanish proposals for a Helsinki-type conference for the Mediterranean region which would begin by attempting to establish principles for co-operation.

Pressed on the future of President Saddam Hussein, Mr Hurd agreed with Mr De Michelis that the leader was making his own removal a condition for an Iraqi withdrawal from Kuwait.

But he went further by clearly implying that Britain would prefer to have him out of the way in any case. "It is increasingly difficult to imagine a position in which the present government of Iraq can play the kind of part in a post-war settlement which is clearly going to be needed."

A British Army lieutenant gives his men, in the Life Guards, their weekly foot inspection in the Saudi desert

Israel urged to forge peace pacts

By Hugh Carnegy in Jerusalem

MR David Levy, the Israeli foreign minister, said yesterday Israel should exploit advantages gained from the Gulf war and take the lead in seeking post-war peace pacts with its Arab neighbours.

Speaking to the Knesset foreign affairs and defence committee, Mr Levy did not advocate big changes in policy. But he reasserted the more positive stance he has adopted in recent days, compared with many colleagues in Mr Yitzhak Shamir's hardline coalition.

Mr Levy is due to meet Mr James Baker, US secretary of state, in Washington this week. By showing some willingness to be flexible he is anxious to pre-empt any pressure Washington and its allies might put on Israel after the war.

"We must not remain on the sidelines, watching ideas take shape at the initiative of others. Today there are many possibilities working in our favour," Mr Levy was quoted as saying yesterday.

He took a similar line at cabinet meeting on Sunday, when he was reported to have been sharply critical of Mr Yuval Ne'eman, the right-wing science minister. "There are people here who panic when they hear Israel must prepare itself for diplomatic talks," the foreign minister said.

Mr Levy is firmly behind Mr Shamir's flat refusal to participate in an international peace conference on the Middle East or to allow any negotiating role for the Palestine Liberation Organisation. But he believes pressure to accept these is fading as a result of Israel's policy of restraint in the war and the PLO's support for Iraq.

Instead, Mr Levy said yesterday Israel should be open to discussion on issues such as regional disarmament and other security arrangements. He also said a regional – as distinct from an international – conference might be a way to achieve progress.

The Foreign Ministry said this idea could be acceptable to Israel if it encompassed direct negotiations between Israel and Arab countries.

Both Mr Levy and Mr Shamir have stressed that any progress towards a settlement with the Palestinians in the occupied territories must run parallel with steps towards normalisation of relations with individual Arab nations.

Mr Levy is no "dove" on issues such as the occupied territories. But he is a pragmatist and his ambition to succeed Mr Shamir would be well served by a foreign policy breakthrough during his tenure at the Foreign Ministry.

Caught between a rock and a hard place

John Murray Brown counts the cost of the Gulf crisis from Turkey's Kurdish region

THE DAY war broke out, Ayşe Şevda and four of her nine children became the first Turkish casualties of the Gulf crisis, when they suffocated to death in their one room house in Kurtalan, south-east Turkey.

This pathetic story underlines the panic now running through this Kurdish-speaking region, as people brace themselves for a possible Iraqi chemical attack, blocking out windows with sheets of polythene, fleeing to the mountains, or making a mad rush for the remaining stocks of atropin sulphate, a well-known antidote to mustard gas.

For the Middle East's 20m Kurds, the horrors of chemical warfare are all too familiar. In 1988, some 100,000 Iraqi Kurds fled into Turkey after President Saddam Hussein's most recent use of chemical bombs.

But Turkey's 8m Kurds feel caught between a rock and a hard place, dreading a gas attack and yet fearful the government will use the occasion to step up attacks against insurgents of the separatist Kurdish Workers party, PKK, a campaign which has claimed more than 2,000 lives since 1984.

Unlike their Iraqi cousins, Turkey's Kurds see little political gain from the current crisis. Moreover, they feel uncomfortably exposed in the front line. In Siirt, a centre of PKK activity, Dr Ekrem Bilek, the social democrat mayor says his office has just 600 gas masks for a population of 56,000 – a complaint repeated throughout the south-east.

"Even the Palestinians in Israel are given masks," shouted one irate delegate at a local meeting of the People's Labour party – the nearest thing to a party articulating Kurdish concerns in the current political climate.

Last week, the region witnessed some of the country's most violent anti-war protests. One person was killed, when special forces opened fire in Tatvan. Such is the strength of opposition to the war that local deputies of the ruling Motherland Party refused to vote with the government on the recent war powers resolution, thereby giving the go-ahead for the US to mount raids from Turkey and for Turkish troops to be sent into Iraq.

Friday's cabinet decision, lifting a seven-year ban on the use of Kurdish language, while welcome, was little more than a sop to moderate Kurdish opinion in a bid to head off serious unrest in the region.

President Turgut Ozal has warned that Turkey will not countenance an independent Kurdish state in north Iraq, one reason for the massive troop presence in the border area. But he must be equally concerned to prevent a repeat of the widespread civil unrest

Lifting a seven-year ban on the use of the Kurdish language was little more than a sop to moderate Kurdish opinion to head off unrest in the region

which gripped the region last March, resulting in a severe security clamp down.

Riots in Cizre and Nusaybin were followed by the introduction of new legislation giving the emergency governor powers to close down printing presses, send undesirables into exile, while providing the governor's own officials with immunity from prosecution.

The Kurdish problem has a long bitter history – a legacy of the 1923 Lausanne Treaty when Turkey established the minority status of its Armenian, Greek and Jewish communities, while omitting to mention the Kurds who officially remain as "mountain Turks".

A Kurdish identity was reinforced in isolated rural communities, where traditional allegiances were to the local landed sheikh who expected little from central government. "You have first to tackle the problem of land ownership," insists Mr Ahmet Ozer, a sociologist working for the mayor of Diyarbakir, the main Kurdish town.

The government is pinning its hopes on the massive $6bn GAP irrigation project, which envisages turning the Euphrates valley into one of the world's largest cotton plantations. Few seem to have considered the project's ecological impact.

The Kurds themselves are more blunt. "We don't ask anything from the state. We just want Turks to leave our land," was one typical comment.

For the past 12 years, martial law has been in force in eight of the region's 19 provinces, affecting almost 5m people.

A strongly worded report on the region by the opposition Social Democrats, criticises the government's security policies which it says "sometimes take on the dimensions of state terror."

The report says since 1988, the government has forcibly moved people from highland areas, in an apparent effort to undermine the rural support for the PKK.

Human rights lawyers say villages are now being burnt down, a claim difficult to substantiate in view of the travel restrictions. Mr Aydar's own efforts to publicise these charges resulted in him being exiled from the region under the new laws.

The Gulf war, if nothing else, will bring the Kurdish question to the fore again. But few Kurds hold out much hope for real change.

Last week, military officials did little to allay these fears when they confirmed to an incredulous audience of journalists, that fighter aircraft on a training flight had "accidentally" dropped bombs on the Cudi mountain, a well known rebel stronghold.

Jordan fearful of plans for new regional order

By Lamis Andoni in Amman

JORDAN now finds itself more seriously at odds with Washington than at any time in its history.

Amman fears the US, in the wake of the Gulf war, will seek to impose a new regional order to the detriment of the kingdom and Palestinians.

King Hussein's criticism of the allied bombardment of Iraq, delivered in a televised address last week, was in part a reflection of these misgivings.

A former Jordanian official said: "It was a message that the US cannot impose a new world order, involving a new set up in the region, that will serve American interests at the expense of Arab aspirations."

King Hussein's accusation that the US and the allied forces were deliberately and systematically destroying Iraq also reflected increasing Jordanian suspicions that Washington would abandon Jordan once the war was over.

There are some who argue that Washington might now seriously entertain using Jordan as a substitute homeland for Palestinians, or as a territory to be divided between Israel, Syria and Saudi Arabia.

In his speech, which drew an angry reaction from the US administration, King Hussein asserted that the allies were planning to divide the "spoil" of war once the conflict was over.

But Middle East experts in Washington disagree, saying that while Jordan might suffer in the short term the country remained crucial to regional stability.

Ms Helena Cobban, from the Brooking Institute in Washington, said: "There is a war mentality of that who is not with us is against us. But there are many people who appreciate Jordan as a buffer and when they think calmly about the region they realise it will be more chaotic without Jordan."

Anti-American sentiment in Jordan is rife, with people accusing Washington of ignoring regional sensitivities in charting Middle East policy.

"They only see American interests when they talk about a new world order. What they ignore is that there is a discrepancy between preserving the American way of life and the welfare of people in the region," a Jordanian close to the government said.

Mistrust in American intentions towards Jordan has been fuelled by economic pressures exerted by the US and Saudi Arabia – the kingdom's two principal financial backers – following King Hussein's refusal to join the US-led alliance against Iraq.

Jordanian officials say King Hussein is falling back on popular support. "Democracy is Jordan's safety valve", said an official, referring to the 18-month-old democratisation process.

American Middle East experts do not think the US will seek to undermine King Hussein.

"There are no alternatives in Jordan for his [Hussein's] leadership", said Mr William Quandt, of the Brooking Institute.

Jordanian are still fearful, however, that when a new order is drawn up, Jordan's views and those of other Arabs will be ignored.

"What we are trying to say is that the US might win the war but it will not win peace... we shall not allow the US to impose its new world order upon us," an official said.

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WORLD TRADE NEWS

Otis Elevator in move to strengthen Soviet venture ties

By Andrew Baxter

OTIS ELEVATOR, the world's biggest lift maker, yesterday announced plans to strengthen its position in the Soviet Union, the world's largest market, by entering a joint venture with two Soviet partners in Leningrad.

The move follows the establishment in July of the first Otis joint venture in the Soviet Union, and is part of a strategy by Otis to gain a manufacturing foothold in eastern Europe following the political and economic liberalisation of the past two years.

Otis is owned by United Technologies, the Connecticut-based conglomerate, and is one of the few US companies to have secured a manufacturing base in eastern Europe over the past 12 months. In September, it bought a majority stake in BAF, an east Berlin-based liftmaker with 1,000 employees, and over the next two years will be modernising its production lines and updating its product range.

In the Soviet Union, however, the poor condition of state-owned lift factories meant that takeovers were not feasible. Instead, the company has opted to build new plants in association with Soviet partners.

In July, Otis announced the establishment of Shcherbinka Otis Lift, near Moscow, which will be 55 per cent owned by Otis and 45 per cent by Shcherbinka Lift Plant.

The latest venture, Len Otis Lift, will also be 55 per cent owned by Otis, with the balance held by Leningrad's Experimental-Mechanical Factory (OMZ) and the Leningrad Construction Committee (LSK). The Otis investment is being made through its UK subsidiary.

Len Otis Lift will produce Otis-designed elevators in a 17,000 sq metre plant to be built in Leningrad and completed in 1992.

Together, the two ventures should enable Otis to capture about 10 per cent of the Soviet lift market, but ultimately it hopes for a 25-30 per cent market share, according to Mr Pierre Fougeron, president for Otis European and Transcontinental operations.

The lifts to be built by the joint ventures will be relatively simple electromechanical models for the Soviet housing market.

Cathay Pacific to decide on $2.25bn order by May

By Paul Betts, Aerospace Correspondent

CATHAY Pacific expects to decide on a $2.25bn (£1.15bn) new aircraft order by the end of May, Mr Peter Sutch, the Hong-Kong airline's deputy chairman and managing director, said yesterday.

The airline is considering acquiring up to 15 new wide-body aircraft for its expanding South East Asian operations.

Mr Sutch said the airline was looking at the new twin-engine wide-body Boeing 777, a proposed stretched version of the Airbus A330, and plans by McDonnell Douglas to develop a bigger version of its MD11 trijet called the MD12X.

The new aircraft would replace older airliners between 1996 and 2002 on Asian routes.

Mr Sutch explained that Cathay Pacific had re-focused attention on the Asian market because of its stronger growth prospects compared with US and European long-haul markets.

Rolls-Royce, which has become a leading engine supplier for Cathay, appears well placed in the competition to supply the engines for the new Cathay wide-body aircraft.

Cathay has already chosen the Rolls-Royce high-thrust Trent engine to power an earlier order for Airbus A330 twin-engine aircraft.

Rolls-Royce is offering the Trent on the Boeing 777, the A330 and the MD11.

OECD Export Credits Rates

THE Organisation for Economic Co-operation and Development yesterday announced new minimum interest rates for officially-supported export credits (January rates in brackets):
D-MARK 10.01 per cent (10.12);
FRENCH FRANC 11.31 (11.43);
GUILDER 10.06 (10.15);
ITALIAN LIRA 13.04 (12.96);
YEN 7.60 (same);
PESETA 15.51 (15.54);
STERLING 11.8 (11.96);
SWISS FRANC for credits of less than eight years 8.30 (same); for credits of more than eight years 8.55 (same);
US DOLLAR for credits of up to five years 8.60 (8.63); for credits of over five years 9.00 (9.03).

These rates are published monthly by the Financial Times, normally on the second Tuesday or Friday of each month, whichever is sooner. They apply to all export credits, except that on those to middle-income and poor developing countries the OECD matrix rate can be used if it is lower. This is a standard set of rates reviewed twice a year, in January and July.

Norwegians in lending pact

EXPORTFINANS, the financing and export credit institute of the Norwegian commercial banks, and Norad, the Norwegian agency for development aid, have signed an agreement with the World Bank meant to increase sharing by Norwegian companies in World Bank projects, Karen Fossli reports from Oslo.

The accord will better place Exportfinans to act as co-lender to World Bank projects in which Norwegian companies participate. Similar agreements have been made by the World Bank with Sweden and Finland. To boost Norwegian industry's profile in Washington, Exportfinans will finance 25 per cent of the costs in setting up a representative office.

Correction

In the Financial Times of February 6, Hong Kong was incorrectly described as not being a member of the General Agreement on Tariffs and Trade (Gatt). Hong Kong became a member of Gatt in April 1986.

Trade pact brings Canada new hopes and fears

Business and unions are in conflict over a deal with Mexico, writes **Bernard Simon**

THE prospect of a North American free trade zone, including the US, Canada and Mexico, is raising the same hopes and fears in Canada which accompanied implementation of the bilateral free trade pact between Washington and Ottawa two years ago.

The business community, which generally favours liberalised trade, and the labour movement, which opposes it, insist the record of the past two years bolsters their arguments for and against a deal with Mexico.

"While the short-term adjustment may not be appealing, it is in the best interests of the manufacturing sector," says Mr Todd Rutley, senior economist at the Canadian Manufacturers Association (CMA). Nine out of 10 CMA members favour a deal with Mexico, including three-quarters of those who acknowledge the widening of the free trade zone may pose more of a threat than an opportunity to their businesses.

But the Canadian Labour Congress (CLC) has blamed the US-Canada pact for a long list of woes, ranging from the strong Canadian dollar and the loss of 226,000 jobs to a record number of foreign takeovers. Many of the CLC's arguments are based more on guesswork than empirical research, but opinion polls show roughly half the Canadian public remains sceptical about the benefits of the agreement with the US.

The heat generated on both sides of the argument has obscured the fact that the Free Trade Agreement (FTA) has wrought remarkably few tangible changes in the US-Canada trading relationship.

Customs tariffs, which are due to be phased out entirely by 1998, have fallen by an average of only about 2 percentage points since January 1989. At the same time, the average tariff rate on all Canada's imports has dropped from about 3.6 per cent to about 2.8 per cent. In any case, two-thirds of Canada's imports from the US were already duty-free before the FTA.

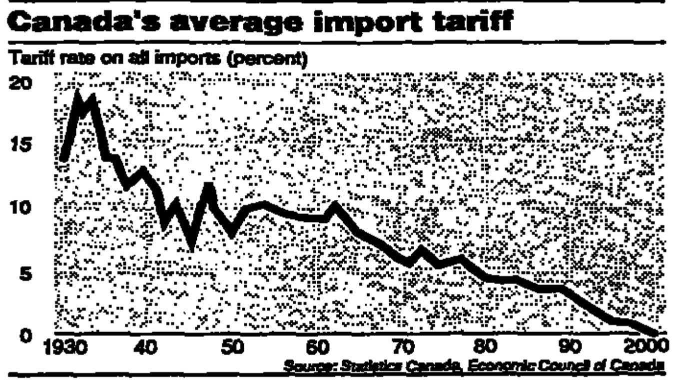
Most non-tariff barriers between the two countries remain intact. Negotiations on subsidies are being put off until the completion (or collapse) of the Urugnay Round.

Perhaps the greatest achievement of the FTA so far has been its innovative dispute settlement mechanism, under which 17 cases (14 of them initiated by Canada) have been referred to bi-national panels.

The limited scope of the agreement means that broader factors have played a much greater role in trade and investment flows over the past two years.

The strong Canadian dollar, unusually high domestic interest rates, the recession and the general globalisation of business appear to have had a greater influence on business decisions than the trade pact. Particularly, a spate of mergers and acquisitions in the food industry has encouraged rationalisation of production facilities on both sides of the border.

Canada's average import tariff



On the policy front, Dr Edward Neufeld, the Royal Bank of Canada chief economist, says difficulties in Canada "lie not with trade but with fiscal deficits, cost increases, inter-provincial trade barriers, federal-provincial tax disharmony, and low productivity".

A Royal Bank survey indicates that high labour costs and tax rates in Canada have been far more persuasive than the FTA in decisions by companies to move operations south of the border. Respondents said the FTA was the least important of eight factors in their decisions.

The direct impact of lower customs tariffs appears to have been limited so far to relatively few Canadian industries. They include furniture makers, who have undoubtedly struggled to compete against bigger, more specialised US factories. The clothing industry, on the other hand, appears to have benefited from access to cheaper textiles.

In general, the main impact of the trade agreement appears to be a psychological one – what the CMA's Mr Rutley calls the "kick in the backside" effect.

It has spurred companies with operations on both sides of the border to think long and hard about integrating them more closely. Instead of having factories in the US and Canada supplying the same item to each market, a growing list of companies – among them, Procter and Gamble, Campbell Soup and the Canadian steelmaker Stelco – are centralising production at a single, big plant. More often than not, that plant is south of the border.

The surge in cross-border shopping by Canadians has more to do with the strong Canadian dollar than the free trade agreement. But Royal Bank predicts that as tariffs come down, US-based retailers with stores in both countries will consolidate their buying operations, thereby narrowing prices between the two countries.

Canadian retailers are also demanding that their suppliers price goods at a level which enables them to compete more aggressively with US stores.

With its high costs and poor productivity record, Canadian manufacturing industry is likely to find the adjustment to a free trade arrangement with Mexico even more painful. Dr Neufeld predicts that the transitional arrangements for Mexico will be more detailed than those in the Canada-US FTA.

On the other hand, the issue which aroused some of the strongest feelings in Canada in the run-up to the pact with the US will get scant attention in the negotiations with Mexico.

Many Canadians were, and still are, worried that closer commercial ties with their giant neighbour will inexorably threaten the panoply of government programmes which support domestic publishing, broadcasting and other activities which help preserve Canadian culture. It is hard to find any Canadian however, who sees Mexican culture as a threat.

US packagers in European push

By Kenneth Gooding, Mining Correspondent

REYNOLDS METALS, the second-biggest US aluminium group, yesterday launched an American-made range of food packaging products in Germany, as part of a strategy to become a serious contender in the highly-competitive European packaging industry.

A series of recent acquisitions has diversified Reynolds' packaging operations, based on aluminium foil, to include plastic and paper products.

It now has one of the biggest packaging business in the US.

Until yesterday, Reynolds' operations in Europe were limited to supplying foil packaging from its rolling mills in Belgium and Spain to those countries and to France.

Lessons from the two campaigns will be used as Reynolds moves into other countries

Mr Mike McClintick, Reynolds Europe's marketing manager, consumer products, said Germany had been chosen as the launching pad for an aggressive move into the European packaging business because it was a largest and most mature market in the region.

Reynolds would shift the attack to Belgium, another big food packaging market, later this year. Lessons from these two launches would be used as Reynolds moved into other countries.

The group will supply the packaging products, which it claims are all of higher quality than usually found in Europe, from North America.

"Once we have developed the market we will consider sourcing from Europe," said Mr McClintick.

Taiwanese investment overseas soars 177%

TAIWAN'S foreign investment totalled $274.68m (£140.8m) in January, up 177.6 per cent from $98.95m a year earlier, the island's Investment Commission said, AP-DJ reports from Taipei.

Foreign investment in Taiwan increased to $120.23m in the same period, up 39.6 per cent from $86.15m, the commission added.

The largest share of Taiwan's foreign investment was in Indonesia, totalling $58.96m, against just $1.5m in January 1990.

This was followed by the US, where Taiwan had invested $13.95m (down 55.26 per cent); Malaysia, $12.39m (up 1.52 per cent); and Thailand, $6.18m (up 817.36 per cent).

Most of Taiwan's investment overseas was in the services sector.

The US was the largest overseas investor in Taiwan in January, with investments valued at $40.64m, compared with $3.6m a year ago.

Japanese investment in Taiwan surged 95.54 per cent to $39.29m in the same period, while European investment rose 45.61 per cent to $26.38m.

(Continued on the following page.)

AMERICAN NEWS

Haiti's new government promised $250m aid

By Canute James in Kingston

PRESIDENT Jean-Bertrand Aristide's new government in Haiti has been promised just over $250m in loans and foreign aid, in what officials say is a statement of support for the administration.

The European Community is providing $144m, according to government officials, while the other main donor, the US, is giving $87m. Smaller amounts have been promised by international agencies and other countries, including Taiwan ($12m).

Meanwhile, Father Aristide, installed last week after a handsome electoral victory in the Caribbean republic, has named Mr René Preval, a businessman, as prime minister. The appointment requires ratification by parliament.

The appointment of a conservative businessman is being taken by diplomats in Port-au-Prince, the capital, as further indication of a moderation of Father Aristide's policies. His pre-poll popularity has been based on his espousal of liberation theology.

In a clear attempt to implement a pre-election promise to end official corruption, the president has retired several senior army officers – although retaining General Herard Abraham, head of the army – and ordered about 150 officials of former administrations to stay in the country.

These include Mrs Ertha Pascal-Trouillot, interim president until Fr Aristide took over. He has said her 11-month administration would have to account for a sudden expenditure of $43m. The army officers are considered supporters of the Duvalier family dictatorship, felled in 1986.

US drops out of world machine tool top five

By Andrew Baxter

THE US has dropped out of the world's top five producers of machine tools, with sales in the last quarter of 1990 hit by uncertainty over the Gulf crisis and the growing domestic recession.

US output of machine tools – the basic machines of manufacture – fell by 11 per cent last year to $3.14bn, according to American Machinist.

With Switzerland having lifted its production from $2.25bn to $3.18bn, this meant the US lost its place in the top five for the first time in the 27 years that the magazine has been compiling global data.

Consumption of machine tools in the US – defined as domestic production plus imports, less exports – also fell 11 per cent to $4.42bn, after a 25 per cent rise in 1989.

The fall in consumption, often viewed as a measure of a country's rate of industrialisation, pushes the US into fourth place among industrial nations – behind Japan, the Soviet Union and West Germany.

The decline in the US market meant that imports increased their market share from 48 per cent to 53 per cent, even though they fell in value from $2.4bn in 1989 to $2.34bn, says the magazine.

The US remains the biggest importer of machine tools, with Japan supplying roughly half of all its imports.

The one piece of good news for US machine tool builders was a 12 per cent rise in exports to $1.06bn, reflecting improved competitiveness.

The outlook for the US industry remains uncertain. The magazine comments: "Forecasters who had last year predicted a level 1991, and growth in consumption and production in 1992, were a lot less sure about what would happen as war against Iraq drew nearer last month."

US production last year represented 7 per cent of total world output, which rose 9.5 per cent to an estimated $46.5bn.

The 12 member countries of Cecimo, which groups western European machine tool industries, had a 45 per cent share, followed by the Pacific rim countries with 29 per cent.

Peru's guerrilla leader taped

By Sally Bowen in Lima

MR Abimael Guzmán, the former university professor who has led the Maoist guerrilla group Sendero Luminoso in Peru since it was founded in the early 1970s, is the object of a vast police search and some 20 of his closest associates are already behind bars.

An intense personality cult has grown up around him during the many years that Mr Guzmán has shrouded himself in impenetrable secrecy.

So Peruvians were amazed at the weekend as they watched, on national TV, a cassette made by one of his inner circle. It showed him carousing with the higher echelons of the group, drinking and clumsily dancing Zorba's Dance, to the giggles and applause of adoring female followers.

The tape – believed to have been made in 1987 and late-1989 – has provided provided police with irrefutable proof of the identity of many associates.

The celebrating revolutionaries were dressed in uniform blue shirts, but the pictures contrasted sharply with the austere, moralistic image Sendero has cultivated.

The tape was discovered during a recent police and naval intelligence operation. President Alberto Fujimori decided to let excerpts be broadcast, a pirated copy having been offered to local television stations for $20,000.

He claimed the scenes revealed Mr Guzmán as "a man of flesh and blood, who likes parties, jewellery and expensive drink – quite unlike the austere image which he has fabricated of a revolutionary leader".

The president underlined the success of his "new" counter-subversive strategy, aimed at capturing Sendero leaders rather than hitting "humble peasants forcibly led by a handful of militants."

Mr Gustavo Gorriti, writer and expert on Sendero, applauded the strategy but said Mr Fujimori was wrong to claim it as new. Peruvian police intelligence techniques have been improving steadily over the last year or more, said the writer.

The recent operation was the result of painstaking police work following the discovery last June of Sendero party archives and records in another temporary Lima headquarters.

Mr Gorriti said the operation's success was "important because it has reduced Guzmán's mythical secretiveness. It has also created a serious security problem for him – he is now easily recognisable."

US oil exploration may be widened

THE US Department of the Interior plans to propose that vast new areas off Alaska, Florida, California and the east coast be opened to oil exploration and studied for possible leasing to oil companies, a departmental spokesman said yesterday, AP-DJ reports from New York.

The proposal, in the department's regular five-year plan to be sent to Congress shortly, is part of the department's strategy to limit the areas to be opened and exclude environmentally sensitive sites, the spokesman said.

The New York Times had reported on Sunday that the plan takes into account President George Bush's declaration last June that most of California and all of the southern Florida coast stay unexplored for oil for 10 years.

The plan still faces stiff Congressional opposition.

The department said the plan has been ready since December, but its release is being held back in deference to the release of Mr Bush's much-awaited national energy strategy.

The department has also reported recently that new studies show that the possibility of recovering economically viable quantities of oil in the Arctic National Wildlife Refuge in Alaska has risen from 19 per cent to 46 per cent.

● Bills to require the use of recycled materials by US producers of tyres, lead batteries, newsprint and motor oil have been introduced in Congress.

The bills make use of clauses in the 1990 Clean Air Act. Limits were set for emissions of chemicals linked to acid rain, and marketable credits were granted to utilities exceeding standards.

America shoulders the hard work of freedom

George Bush: Leading the post-cold war world

Peter Riddell assesses divergent US attitudes to the prospect of a new world order

THE phrase "new world order" has become a familiar incantation every time President George Bush is asked what is at stake in the Gulf war. Yet, unusually for Washington, there is no eagerness to step forward and claim authorship.

Even officials with considerable influence over US foreign policy-making distance themselves from the concept. It is too vague, too reminiscent of the New World Information Order and other vestiges of the United Nations at its most nebulous.

It is very much Mr Bush's idea, reflecting his view of the US as the leading power in the post-cold-war world, as well as his experience as US ambassador at the UN 20 years ago.

The term covers a range of policies – from the role of the UN, the development of post-war security arrangements for the Gulf, to how the US sees its relations with other countries.

However, critics suspect that, stripped of Mr Bush's fine-sounding phrases, the new world order amounts to a Pax Americana.

A revealing insight has come from Mr Robert Gates, the president's deputy national security adviser. In a recent interview, he looked back to previous US attempts collectively to resist aggression – Woodrow Wilson backing the League of Nations (though rejected by Congress) and Franklin Roosevelt launching the United Nations.

However, since the late 1940s, "with the expansion of communism, every issue that came before the UN was stymied because it took on an East/West character."

Mr Gates sees Mr Bush's new world order as "a view that with the ending of the cold war, particularly in Europe, and a change in the practice of Soviet foreign policy in many respects, this automatic East/West conflict, whenever there is an aggression or a problem in the world, has disappeared." He cites Soviet co-operation in the Gulf crisis.

According to Mr Gates, the two main premises of the new world order are, first, that the UN can be used in the way it was originally anticipated by its founders and, second, that there is the collective acceptance by a diverse number of countries of a responsibility for burden sharing, in providing both money and military forces.

President Bush himself has linked a more co-operative US/Soviet international relationship with a revitalised and more credible peace-keeping function for the UN. The absence of the Soviet veto in the Security Council, and the passive attitude of China, were crucial to the passage of the 12 Security Council resolutions on the Gulf.

Mr Bush sees the new world order in distinctively American terms. As he argued in his State of the Union address last month: "We Americans have a unique responsibility to do the hard work of freedom. Among the nations of the world, only the US has had both the moral standing and the means to back it up. This is the burden of leadership and the strength that has made America the beacon of freedom in a searching world."

Many American conservatives go further and believe Mr Bush is unnecessarily involving the UN and the Soviet Union. To them the UN can guarantee nothing and it is a mistake to continue treating the Soviet Union as if it was still a superpower. As columnist Charles Krauthammer argues in the latest issue of Foreign Affairs, "our best hope for safety is in American strength and will to lead in a uni-polar world, unashamedly laying down the rules of world order and being prepared to enforce them."

This uni-polar view underestimates the significant political advantage for the US in gaining international authorisation for military action via the UN, even if the leadership and enforcement are primarily US.

Similarly, President Bush believes it is necessary to treat the Soviet Union as a leading power, not least because of its possession of large nnmber of nuclear weapons. Soviet acquiesence in US policy in the Gulf crisis, and now war, even if at times the support is somewhat strained, has broadened Mr Bush's options. A more hostile Soviet Union, with the military having a greater say, as is now feared in Washington, would make both the conduct of Gulf policy and the creation of the new world order much more difficult.

Mr Bush's belief in America's unique leadership role is no reversion to the thinking of the late 1940s and 1950s. It is leadership plus a begging bowl. Many in the US, notably in Congress, almost make a condition of their support for the war that it is mainly financed by the Gulf states, Japan and Germany - what Mr James Baker, the Secretary of State, calls "responsibility sharing."

Many other countries pause when they hear US officials talk about collective burden/responsibility sharing. As Mr David Gompert, the European specialist on the National Security Council staff, recently pointed out, Americans and Europeans have different views of the definition of partnership. For the US, it means foreigners contributing more financially to US military operations. For Europeans, it means having a more independent role and say in decisions.

Mr Bush prides himself on his consultative style of leadership via his constant round of telephone diplomacy - the AT&T presidency. But important though this involvement is, it is no substitute for more formal structures if burden sharing and the new world order are to have any lasting meaning.

Surinam calls general election for May 25

SURINAM will hold its first general election for nearly four years on May 25, the National Assembly announced late on Sunday, AP reports from Paramaribo.

The government said elections will also be held that day for the lower representative bodies – the municipal councils and the provincial councils.

President Johan Kraag said national and international observers will be allowed to watch the elections. The last ones were held in 1987.

Mr Kraag has led a provisional government since December 24 when a military coup deposed President Ramsewak Shankar's government .

The new president said the electoral register will be open for inspection from February 13 to March 15; the political parties that want to participate will have to register a week later. Candidates are to register by April 10.

A main contender is the Front for Democracy, representing three ethnically-based political parties – the Creole National Party, the East Indian National Reform Party, and the Javanese Farmers' Party. Some 8,000 Surinamese live across the eastern border in French Guyana and are asking to be permitted to vote.

The front won a sweeping victory in the 1987 elections taking 45 of the 51 seats in the National Assembly. The military, who had allowed the elections, won only three seats.

However, the army remained a deciding power behind the scenes and the Shankar government was considered powerless.

GM truck strike ends in Mexico

ABOUT 2,600 workers at General Motors' Mexican assembly plant have returned to work after a one-day strike called to press demands for a 40 per cent pay rise, Reuter reports from Mexico City.

GM said the strike, which began at midnight on Friday, ended on Sunday afternoon after workers had accepted the company's original offer of a 23 per cent pay rise.

Activity at the plant, which produces pick-ups and other trucks for the Mexican market, was back to normal by yesterday morning.

The government news agency said the strike ended after the Labour Ministry, responding to a petition from General Motors, had declared the stoppage illegal.

Leading Communist opens up to defend the official media's heavy-handed approach

Soviet broadcasting chief protests that glasnost still rules

By Quentin Peel in Moscow

MR Leonid Kravchenko, the Communist installed as head of the Soviet state broadcasting service, and second only to President Mikhail Gorbachev on the blacklist of Soviet democrats, yesterday sought to prove that contrary to all appearances he is a passionate supporter of glasnost – or openness – for the nation's viewers.

For two hours, he expounded on why the growing signs of political censorship on the main Soviet national television channel are not a threat to democracy, and on how he remains a committed reformer.

His words were greeted in stunned amazement by more than 100 Soviet and foreign journalists, who have watched in horror recently as Vremya, the main television news programme, has reverted to heavy government propaganda and exhortation. Simultaneously, Vzglyad, the most popular and outspoken news feature programme, has been silenced since the start of the year.

Mr Kravchenko chose the revealing setting of the Communist Party press centre in the luxury Oktyabrskaya Hotel – and not the normal government press centre – to defend his reputation, and to attempt to cover his back against the furious attacks of Soviet radicals.

He announced that a request by Mr Boris Yeltsin, the Russian president and Mr Gorbachev's greatest political rival, for an hour's live broadcast on the main Channel One was close to approval – at least for half an hour. He also insisted that Vzglyad could return to the screen, although under unspecified conditions laid down by the television administration.

At the same time, he said that the heavy-handed party line of the main TV channel was no proof that glasnost was over; listeners and viewers now had a string of alternative news sources, such as Leningrad television and Radio Rossia.

Yet the flavour of the occasion came from the extraordinary sight and sound of a professional communicator using the whole lexicon of glasnost and journalistic freedom to state the opposite.

He defended the official media's failure to provide regular and accurate information of ethnic disturbances around the nation as a desperate effort to provide balance. In the disputed region of Nagorny Karabakh, for example, he said reports should wait until there was an equal number of both Armenian and Azerbaijani victims.

It was obvious that the Soviet media, such as Tass news agency where he used to be director-general, preferred to report foreign news to the stormy domestic scene. "We know there will be no meetings and protests arranged abroad. Nobody would hold us responsible and threaten to kill us," he said. "And there have been such threats."

Then the man who presided over totally one-sided, pro-Russian and pro-Communist coverage of the recent disturbances in the Baltic republics, declared: "Our journalists should try to be above politics. There is a supreme duty to consider information the property of all the people. Information is a great force which prevents catastrophes taking place." He criticised the failure to report the Chernobyl disaster for four days in the Soviet media.

He admitted cutting out TV pictures of Soviet soldiers hitting unarmed protesters in the face with their rifle butts during the assault on the Lithuanian TV station last month. On the other hand, he said, he did run interviews with Soviet servicemen who had been involved in the attack (claiming they had been fired on, although no corroborating evidence has ever been produced.)

Mr Kravchenko defended his tough stance in negotiations with Mr Yeltsin's Russian parliament over its demand for its own television channel, insisting that Russia would get it only at the expense of the other Soviet republics. Instead the Russians were being offered six hours a day on Channel Two, he said. As for property, everything the state broadcasting committee had was its own property, and Russia would have to look after itself.

The whole exercise was redolent of double-speak of the Brezhnev era, except that Mr Kravchenko felt the need to appear and defend his policies. That was the one proof that in spite of the signs of reversion to an old style, something has changed with glasnost and perestroika.

CFE talks on troop levels open in Vienna

NEGOTIATORS from 22 countries met in Vienna yesterday to begin the second stage of an agreement to cut conventional forces in Europe, Reuter reports from Vienna.

The Conventional Forces in Europe (CFE) talks, which last November concluded a historic treaty slashing arsenals of heavy weapons in Europe, resumed to discuss slimming down troop levels.

The delegates of the 16 Nato countries and six from the Warsaw Pact, which is soon to be wound up, met in working groups and were scheduled to hold their first plenary session of the new round on Thursday.

The talks are overshadowed by US claims that Moscow is trying to circumvent the treaty by reclassifying ground forces as naval units and by pulling large amounts of weaponry east of the Urals, outside the treaty zone.

Last week Mr James Baker, US secretary of state, said the treaty should not be sent to the Senate for ratification until the Soviet Union had clarified its position.

The CFE treaty set ceilings on the number of tanks, artillery, armoured cars and aircraft each alliance can hold. The second stage of talks will set new national limits on personnel and will also cover the question of aerial surveillance.

E German currency fraud costs the taxpayer DM1.5bn

Currency frauds involving the economic merger of east and west Germany last year have cost the taxpayer at least DM1.5bn (£510m), Berlin justice authorities said yesterday, Reuter reports from Bonn.

Ms Jutta Limbach, justice authority spokeswoman, said most frauds involved subsidised exchange payments for bogus exports to eastern Europe under former East Germany's trade system.

It gave exporters a subsidised mark rate for the notional rouble currency to help inefficient east German companies cope with the switch to a free market economy. Other frauds discovered included illegal property deals and currency transfers.

Warsaw's Soviet exports dry up

Polish exports to the Soviet Union have come to a near standstill as eastern Europe switches to hard currency pricing and Soviet importers suffer from a shortage of funds, writes Christopher Bobinski in Warsaw.

At the same time figures released yesterday by the government's statistical office, show Poland's industrial output in January 3.4 per cent down on the previous month and nearly 2 per cent down on January last year.

Polish car maker ready for new era

Poland's biggest car maker FSO closed down yesterday for seven weeks to clear its plant in readiness for a new assembly line producing cars designed by Fiat or General Motors, Reuter reports from Warsaw. The company is dismantling the production line of its FSO 1500, a 1960s Fiat-designed saloon, to reopen its Warsaw plant in April.

Turkey looks for short-term solutions

ALL it required was a call to the German Bundesbank and three hours later Turkey had delivery of DM500m (£170m) in crisp new banknotes.

Four weeks into the war, Turkey is having to resort to some unusual measures to meet its short-term financing needs. The despatch of the D-Marks, which Turkey held in Germany as part of its foreign reserves, was the government's latest invention – a move prompted by the recent rush on foreign exchange kept in the Turkish banking system by people anxious to have cash in hand during the Gulf war.

President Turgut Ozal insists that economic reform is still on track, warning businessmen in the Aegean port of Izmir last week "not to expect the state to dress up the wounds caused by the Gulf crisis".

By John Murray Brown in Ankara

Yet the finance ministry has already announced that all limits on defence spending have been lifted, adding to pressure on the budget. Strikes have been banned for 60 days.

In another step bringing the economy on to a war footing, parliamentary committees last week discussed a government request for decree powers which would allow the cabinet to bypass an assembly vote on key economic decisions.

Government growth projections remain cautious, using a $30 a barrel oil price. Oil is Turkey's largest single import item. Prices are currently around $20.

But inflation, already near 60 per cent, is on the rise again, as state enterprises adjust to the higher fuel bill and the government's expenditure squeeze. Most economists expect this year's current account deficit to be bigger than the $2.3bn for the first 11 months of 1990 – equivalent to around 2 per cent of GNP.

The need to maintain high reserves – now at around $5.6bn – is merely adding to the problem by fuelling upward pressure on the lira. This in turn is making Turkey's exports less competitive. The impact will be partially offset by a slowdown in imports, reflecting the war's effects on the economy.

No one knows the effect on this summer's tourist revenues - traditionally a big item on the balance of payments. Equally, the remittances from Turks working abroad, particularly the 1.5m in the united Germany, are expected to be down on previous years.

Much to its credit, Turkey shows no sign of wavering from its commitment to an open capital account, and the free convertibility of the lira. Bankers say confidence in the lira has been restored.

But the problem is that Turkey's policy options are increasingly limited. In the short term, Turkey will look to capital from official sources as compensation trickles in from its allies in the Gulf crisis.

Grants from the Kuwaiti emir and a Saudi oil loan, will enable Turkey to restrain the budget deficit and finance the balance of payments. Negotiations on an Ecu175m (£134.6m) interest-free European Community loan were also completed last week.

The World Bank and the Turkish treasury are also understood to be reviewing the disbursement of various sector loans whereby the Bank would take over some of the Turkish portion of the funding during the crisis.

But Turkey's channels to commercial banks are less assured. Traditionally a regular player in Eurobond markets, Turkey has scrupulously met service obligations on its $42bn foreign debt. However it has not ventured into the market since the crisis began.

Gulf banks have special problems. But even before the invasion of Kuwait western and Japanese banks were seeking to limit their exposure in line with efforts to meet the Bank of International Settlements' capital adequacy ratios.

Lithuanians embark on approving their new constitution

By Quentin Peel

THE Lithuanian parliament last night launched the process of approving its new constitution as final figures confirmed an overwhelming 90 per cent vote in favour of an "independent, democratic republic" in last weekend's poll.

The vote, declared legally invalid in advance by President Mikhail Gorbachev, leaves the Soviet leader in a dilemma about how to respond if it is incorporated into a full-scale constitution.

He also has to decide what to do about further unofficial referendums planned in Estonia, Latvia and Georgia, the next three secession-bent Soviet republics challenging Moscow's rule.

Lithuania's referendum in all but name produced an actual 76.4 per cent of all registered voters in favour of independence, in spite of a partially successful boycott by Russian, Polish and other minority groups.

In Moscow, it produced a continuing eerie silence. Pravda, the leading Communist Party newspaper and the only one published on a Monday, gave the vote a terse three paragraph summary, accurately reporting the outcome. It went on to stress that the vote had been declared invalid by Mr Gorbachev, and that many "sociologists" had predicted the outcome because the question was one which all sensible people would support.

None the less, the result must show Mr Gorbachev that the nationalists in the Baltic republics are not lying about the extent of popular feeling in support of independence – whereas his own security services may well have been.

It also underlines the huge gamble he is taking in calling a nationwide referendum on March 17 on whether to preserve the Union of Soviet Socialist Republics at all.

All three Baltic republics, plus Georgia, Armenia and Moldavia, have said they will not organise that vote. Other groups, such as the Birlik pan-Turkic movement in central Asia, say they will boycott the poll.

● Belgium said yesterday it hoped Lithuania's overwhelming vote for independence would persuade the Soviet Union to begin negotiations with the republic, Reuter reports.

Meanwhile, Iceland's political parties united in urging their government to speed up work on establishing diplomatic relations with Lithuania.

A guard clears the snow yesterday from in front of a tank of the Soviet war memorial near the Brandenburg Gate in Berlin

Portugal denies deficit on current account

By Patrick Blum in Lisbon

PORTUGAL will have a current account surplus in 1990 and not a deficit, as suggested by the Organisation for Economic Co-operation and Development last week, according to Mr Jose Alberto Tavares Moreira, governor of the Bank of Portugal.

Mr Tavares Moreira told the Financial Times that the latest figures for the first 11 months of 1990 showed a surplus of $131m (£67.1m)

He said: "I believe we'll end the year with roughly the same surplus as for 1989.

"We had the same forecast [as the OECD], but revenues from tourism, emigrant remittances and exports of goods and services have been much better than we expected."

The publication of Portuguese economic statistics is often slow and subject to constant revisions.

The official current account balance for 1989 has been revised several times and is now said to show a surplus of $140m and not a deficit of $550m as was originally published.

Mr Tavares Moreira said the OECD report on Portugal was correct in its comments about inflation – running at over 13 per cent in 1990. "It [inflation] is the weakest point in our economic policy," he said.

He hoped that after showing signs of slowing down in the past two months, the rate of price increases would fall faster than expected this year.

The OECD report said inflation would start to decline significantly in the second half of 1991.

Britons show least faith in schools

THE BRITISH have less confidence in their education system than any other nation in Europe, according to a study of European attitudes commissioned by Reader's Digest magazine, writes Alice Rawsthorn.

The study shows that 37 per cent of Britons, the lowest proportion of any country, have faith in their own education system, compared with 77 per cent of Danes, Swiss and Finns. Similarly Britain, together with Spain, has the lowest percentage of people who stay on at school after the age of 17. The figure for both countries was just 31 per cent, against 85 per cent in the former West Germany and 80 per cent for Denmark.

Britain also scored poorly in terms of people – 22 per cent – with degrees or professional qualifications. The study was commissioned from Gallup.

Dollar falls further as Bundesbank comes out against intervention

By Peter Norman, Economics Correspondent

THE BUNDESBANK yesterday pushed the dollar to new lows against the D-Mark by saying that it was not in favour of intervention to support the US currency.

In an interview with Reuters news agency, Mr Helmut Schlesinger, the Bundesbank's deputy president, indicated that the bank would not participate in intervention to boost the dollar following last week's buying of an estimated $1.5bn (£760m) by European and North American central banks.

"We intervened ... to try to achieve a certain amount of stability in the current uncertain market situation," Mr Schlesinger said.

"The aim [of the intervention] is to calm markets and stabilise exchange rates at a level where intervention is no longer needed. And that is the case at the moment." When Mr Schlesinger spoke the dollar was around DM1.455. In further remarks to Reuters, Mr Schlesinger confirmed the market's suspicion that the Bundesbank had been a reluctant participant in last week's much publicised central bank action.

"It is wrong to say that our enthusiasm [for intervention] has waned. We never were enthusiastic," he said. "In the longer term one cannot really achieve anything [by intervening] against the market."

The dollar slumped immediately after Mr Schlesinger's remarks appeared on foreign exchange dealers' trading screens. It closed in London at DM1.445, down from Friday's closing level of DM1.4565 and below its previous all-time low of DM1.4467 last Thursday.

Mr Schlesinger confirmed that Germany's current strong economic growth was one reason for its lack of concern about the dollar's decline. He said he saw no economic slowdown in Germany. Although some export-oriented sectors of German industry were being hit by the weak dollar, extra demand from eastern Germany meant that industry's productive capacity was fully utilised.

Mr Schlesinger's remarks are likely to add to tensions over economic and monetary policy among the major industrial nations that make up the Group of Seven.

Last week, officials in Britain, France and Italy were highly critical of Mr Nicholas Brady, the US treasury secretary, who had undermined the effects of the central bank support of the dollar by calling for lower interest rates.

France fights temptation of more state aid to industry

Despite EC rules against intervention the downturn is increasing pressure on the government, writes William Dawkins

THE French administration has done much to ease back the frontiers of the state over the 10 years since President François Mitterrand came to power.

Yet traces of interventionism remain in a country where state-owned companies still provide 30 per cent of gross national product, among the highest in the European Community's leading economies. The temptation to intervene could increase as the economic downturn starts to bite into some of the more vulnerable members of the state sector, despite the EC's tough application of anti-state aid rules.

A reminder of how the pressure to intervene is building up came last week when Mr Roger Fauroux, industry minister, announced that his department was studying a possible increase in state aid for sectors hardest hit by the economic downturn, like computers, cars, tyres and textiles. The government "could return to a policy of support", he told a French newspaper.

Judging by the dismissive response of some of Mr Fauroux's colleagues, nobody believes that Paris will suddenly return to the massive industrial intervention seen in the early years of the first Mitterrand administration in the early 1980s. But at the same

Fauroux: downturn dilemma

time, the French government will defend its right of industrial ownership against all comers. A taste of what looks set to be a tough debate between Paris and some of its EC partners came only a few days later, when it reacted vehemently against a German proposal that EC member states should be obliged to privatise public enterprises.

The French government's scope to support state industry today looks very limited, unless it is prepared further to open government-owned companies' capital to private shareholders. The budget is already creaking under the weight of higher than expected social security spending, to which will be added a hefty bill for the Gulf war.

The European Commission, enthusiastically backed by Germany, Britain and France's biggest private companies, will continue to ensure that Paris is not allowed to subsidise sinking state-owned industries. Having lost the battle to subsidise Renault, France is not easily going to cross swords with the Commission again.

"No, there is no budget leeway for this sort of industrial aid. I might also say that there is no Community leeway, but everyone is free to express themselves," says Mr Pierre Bérégovoy, the finance minister. "Just because we are entering a slowdown, we are not going to make a complete change in our industrial policies," adds a spokeswoman for Mr Michel Rocard, the prime minister.

This is not the first time that Mr Fauroux has raised the idea of increasing support for state-owned industries. He last floated the idea in late 1989 – and it was slapped down by Mr Bérégovoy, for the same reasons as this time.

But even if Mr Fauroux's colleagues continue to disagree with him, he still represents a significant current of thought in the government, particularly among some of Mr Mitterrand's advisers. "We take this pretty seriously. He is probably testing the water," says a member of a leading investment bank.

This latest debate showed that how to respond to the French state sector's big problem – its shortage of capital – is still an unsolved question for the government. It was a big factor in the resignation last year of one minister, Mrs Edith Cresson, in charge of European affairs, unable to convince her colleagues of the need for a strong industrial strategy.

"Industrial policy? The government has no such thing; it just prepares to help out companies when they hit trouble. There is no sense of long-term strategic planning," complains one of her former advisers.

The first companies to give the state a headache in the economic downturn will be Bull, the computer maker which is believed to have lost at least FFr3bn (£300m) last year, and Thomson, the electronics group, which is facing enormous development costs for its campaign to break into high-definition television at a time when markets are in decline.

Extent of public enterprises as a percentage of each industry, by country

	Post	Telecom	Electricity	Gas	Oil	Coal	Rail	Air	Motor	Steel	Ship building
United States	90	0	25	0	0	0	25	0	0	0	0
Japan	100	33	0	0	na	0	25	0	0	0	0
Germany	100	100	75	50	25	50	100	100	25	0	25
France	100	100	100	100	na	100	100	75	50	75	0
Italy	100	100	75	100	na	na	100	100	25	75	75
United Kingdom	100	0	100	25	25	100	100	0	0	75	50
Canada	100	25	100	0	0	0	75	75	0	0	0

Source: OECD

The others, in steel, chemicals, cars, aerospace and air transport, banking and insurance, have started to show poor results. Air France, Aerospatiale and EMC, the chemicals concern, are heading for big losses, while Elf Aquitaine, the oil and gas group, produced a rare bright spot with higher than expected profits last year.

But to whom can the Paris administration turn? It long ago gave up hope for the EC's attempts to prop up the electronics industry through Community-funded research programmes.

With its freedom to subsidise tightly restricted, Paris was able until recently to rely on state-owned banks to help out, as did Crédit Lyonnais in 1989 by acquiring a majority of Thomson's finance division. Yet the state banks, independent-minded at the best of times, are less able to do this as their own results come under pressure.

Banque Nationale de Paris, the biggest state-controlled bank, could and probably would say no if leant on by the government, says Mr Philippe D'Arvisenet, a senior vice-president. All this invites the question of how the government, with all its cross-currents of opinion, can see any logic in maintaining a state sector at a time when its scope for exerting an industrial policy is being reduced on all sides.

Partial privatisation, supported at times by several senior government members, would be one answer. This would in theory be impossible under President Mitterrand's famous "neither ... nor" dogma against both nationalisation and privatisation, designed to create stability after the sharp policy swings of the mid-1980s when the Right came to power.

But that is only in theory. Mr Mitterrand takes even less interest in industrial matters than usual, and applies this particular dogma with huge flexibility – or pragmatism as his advisers would prefer it. Last year's arrival of Volvo, the Swedish car maker, as a big minority shareholder in Renault, is one of several testaments to that. So it may not be surprising to see Bull, Thomson and possibly others on the look-out for partners.

(Continued on the following page.)

Westpac index raises fear of prolonged recession

By Kevin Brown in Sydney

A THREE-MONTH rally in consumer confidence has collapsed amid fears that the Australian recession may last longer than expected, according to a key leading index published yesterday.

The index, published monthly by Westpac Bank and the Melbourne Institute of Applied Economic and Social Research, fell four points to 66.6, just 2.2 points above its all-time low, reached last October.

Mr Bob Graham, Westpac chief economist, said consumer confidence appeared to have been depressed by poor economic prospects and indications that the Gulf War may drag on for some time.

"Whereas in the late January survey, consumers' confidence may have been buoyed up partly by expectations of a continued war in the Gulf, consumer sentiment now seems to be depressed by the fact that neither economic recovery nor an end to the war are clearly in sight," Mr Graham said.

The Westpac-Melbourne Institute index has a good track record as a leading indicator of economic developments. It has been in a downward trend since September, 1988, when it stood at 113.6.

More gloomy figures are likely later in the week when the government is due to publish official estimates of inflation, unemployment and retail trade.

Bob Hawke: inflation top priority

The consumer prices index, due tomorrow, is expected to rise by between 1.9 per cent and 2.1 per cent for the December quarter, implying an increase in the annual inflation rate from 6 per cent to between 6.1 per cent and 6.3 per cent.

However, the index is expected to fall later in the year if oil prices remain steady, and some economists are predicting inflation could fall to a little over 4 per cent by the beginning of 1992.

Unemployment figures, due on Thursday, are expected to show an increase from 8.1 per cent to 8.4 per cent, and could rise significantly higher if economic recovery is delayed much beyond the middle of the year.

Retail trade figures for December, also due on Thursday, are likely to be flat, although some economists say an improvement of up to 0.5 per cent is possible.

The outlook for unemployment will increase pressure on the government to ease official interest further, following a reduction of six percentage points last year.

However, the timing of any easing of monetary policy remains unclear following suggestions by Mr Bernie Fraser governor of the Reserve Bank, that rates may already be sufficiently low to encourage a sustainable recovery.

Mr Bob Hawke, the prime minister, told the Parliamentary Labor party in a speech yesterday that the reduction of inflation remained the government's top priority.

Algeria to relax curbs on foreign currency

By Francis Ghilès

ALGERIANS are to be allowed to buy foreign exchange at the official rate for the first time since hard currency tourist allocations were cancelled in 1986.

The Bank of Algeria, the central bank, has devised a scheme which will allow Algerians to obtain a limited amount of foreign currency in exchange for long-term Algerian dinar deposits.

Subscribers of three-year interest-free dinar certificates of deposit will have the right to exchange 20 per cent of their placements each year into hard currency at the official exchange rate.

This constitutes one small step in the direction of currency convertibility which remains the medium-term aim of the central bank. The bank is building on reforms which last year considerably liberalised the rules governing investment – notably foreign investment – in Algeria.

The central bank may also be hoping that its latest offer, which becomes operative later this month, will mop up some of the 40bn Dinars (£1.4bn)-worth of liquidity which circulates outside the banking system.

On the black market, there are about 30 Dinars to the US dollar. The official rate of the Algerian currency has declined from 12.5 to the dollar to 16.5 since the beginning of the year.

Over the past 12 months, the dinar has lost 52 per cent of its value against the dollar. The central bank appears to be aiming to bring the value of the dinar down to between 17-18 dinars to the dollar.

Bringing the parallel rate into line with the official one remains an essential aim of the central bank but it has been wary of moving faster – as the IMF and World Bank recommend – for fear that inflation, which reached 20 per cent last year, gets out of control, a real risk in the present volatile political situation.

US and Philippines resume talks over military bases

US and Philippine negotiators opened a fifth round of talks yesterday on the future of US military bases in the country with both sides expressing guarded optimism of an early agreement, Reuter reports from Manila.

A lease on the bases expires in September and sharp differences on compensation for future US use of the facilities have blocked a new treaty.

"There are some significant issues that still need to be resolved. I don't want to mislead anybody by suggesting there has been tremendous progress," Mr Stanley Schrager, spokesman of US negotiating panel, told a news conference in Manila.

But he added: "We are hopeful we'll be able to reach a tentative agreement by the end of the week." Mr Raul Manglapus, the foreign secretary and head of the Philippine panel, told reporters after the talks that he remained optimistic a new agreement could be reached by the end of the week.

In addition to the compensation issue, the two countries have still to hammer out an agreement on the sensitive question of jurisdiction over American servicemen committing crimes in the Philippines.

Mr Schrager said both panels are under pressure to come up with a compensation deal so the request for money could be submitted to the budget being presented to the US congress by the end of February.

Mrs Corazon Aquino, the Philippine president, after testifying in a libel trial over comments in a newspaper

● Mrs Corazon Aquino, the Philippine president, testified in a libel trial yesterday that comments in a newspaper column saying she had hidden under her bed during a 1987 coup attempt damaged her credibility as the nation's leader and commander-in-chief, Greg Hutchinson adds.

Mrs Aquino, 58, initiated the action against Louis Beltran, the columnist, the Philippine Daily Star newspaper, Maximo Soliven, the publisher, and three others.

South Australia sets up inquiry into bad debts of state bank

By Kevin Brown

THE SOUTH Australian state government yesterday set up an inquiry into how the State Bank of South Australia (SBSA) accumulated bad debts estimated at A$1bn ($700m), apparently without being aware of the size of the problem.

The government said Mr Ken McPherson, the state's auditor-general, would investigate whether the bank's decision-making processes and auditing procedures were adequate, and whether officials made proper reports.

The inquiry follows the resignation of Mr Tim Marcus Clark, chief executive, in the wake of a A$970m rescue package for the bank announced by the government on Sunday.

Mr John Bannon, the state premier and treasurer said he was unaware of the scale of the bank's problems until they were detailed in January in a report by J.P. Morgan, the US investment bank.

The SBSA had been expected to experience a run on funds yesterday, but only a few customers were waiting at the bank's main Adelaide branches when they opened for business. Mr Stephen Paddison, the new chief executive, said withdrawals were only slightly higher than usual.

However, Australian Ratings, the credit-watch agency, said it had placed the bank and other South Australian government instrumentalities on "rating watch negative", a move which normally precedes a downgrading.

Mr David Simmons, SBSA chairman, said that the bank would have recorded a loss of A$412m for the six months to December 31, instead of a net profit of A$20m, without the A$970m government rescue package.

The balance of the package has been placed in a special account to be drawn down as further bad debts are written off, he said.

● United Bank, the New Zealand subsidiary of the South Australian state bank group, yesterday announced a maiden profit of NZ$13.9m ($8m) – only hours after the South Australian government announced the rescue package for its parent, Terry Hall writes from Wellington.

The rescue package will probably allow the bank to report a small profit for the full year to June 30.

The bank's performance was described as "inexcusable" by Mr Paul Keating, the federal treasurer. Mr Keating said it would teach every state treasurer "that they must know what is happening within the books of these banks."

The SBSA loss follows earlier losses by state banks in Victoria, Western Australia and Tasmania. Plans to establish a state bank in Queensland have been dropped because of the string of poor results.

Mozambican rebels step up attacks

AT LEAST 34 people have been killed and 30 injured in attacks by Mozambican rebels in the last five days, Noticias, the official Maputo daily reported yesterday, Reuter reports from Maputo.

The newspaper said 15 people died and 18 others were wounded when Mozambique National Resistance rebels attacked a crowded restaurant at Chinonanquila, 10 miles south west of Maputo city, on Saturday night.

It said the rebels, fighting a 15-year bush war to topple the government, shot dead 19 people and injured nine others in an attack on a trade convoy last Thursday. The attack took place in Tete province in the north west of Mozambique on the road linking Malawi with Zimbabwe.

The "Tete corridor", a vital trade route for Malawi, was reopened two weeks ago.

Reshuffle in Malaysian government

By Lim Siong Hoon in Kuala Lumpur

DR Mahathir Mohamad, the Malaysian prime minister, has reshuffled his cabinet with new appointments to three of the most important portfolios: education, finance and foreign affairs.

The reshuffle heralds significant changes within his party, the United Malays National Organisation, and his government since last October's general election. However, there are few indications yet of national policy shifts.

Dr Mahathir used the reshuffle to signal the full rehabilitation of Mr Abdullah Ahmad Badawi, once a senior party and government colleague. Along with several others, he was dismissed four years ago after bitter internal party disputes.

Mr Ahmad Badawi has become the new foreign minister, succeeding Mr Hassan Omar who takes over the portfolio of domestic trade and consumer affairs.

Mr Ahmad Badawi now ranks fourth in the hierarchy. One notch ahead of him is Mr Anwar Ibrahim who takes over from Mr Daim Zainuddin, the finance minister. Mr Daim is to retire. Mr Anwar is tipped as Dr Mahathir's eventual successor.

A former teacher in an Islamic organisation, Mr Anwar was recruited 10 years ago by Dr Mahathir to help strengthen the party's religious credentials. As education minister he has oriented the educational system towards Islam.

Taking over Mr Anwar's education portfolio will be Mr Sulaiman Daud who had served in the position from 1981 to 1984.

NEWS IN BRIEF

Britain accused of collusion with China

Hong Kong journalists yesterday accused the British colonial government of colluding with Peking to curb press freedom before the territory is handed back to China in 1997, Reuter reports from Hong Kong.

The accusation was contained in a letter protesting against Peking's decision to ban journalists from talks this month on a planned multi-billion dollar port and airport project which has soured relations between London and Beijing.

Peking maintains that an estimated cost of HK$127 bn ($16.2 bn) for the port and airport project is too high.

Trial of former president postponed

The trial of former Bangladeshi president Hossain Mohammad Ershad was postponed yesterday after the High Court asked the government to show why he should not be exempted from charges of possessing unlicensed weapons, Reuter reports from Dhaka.

The prosecution's case is based on the seizure by police of 15 guns, some of them unlicensed, from Mr Ershad's house in Dhaka's military garrison area after he left office on December 6 following a campaign to oust him by politicians and students.

Ershad filed a writ last week challenging his detention at a private villa since December 12. Police said detention was needed to protect him from public anger.

Date set for multi-party Nepal poll

Nepal's first multi-party general elections in 30 years will be held on May 12, chief election commissioner Mr Surya Prasad Shrestha said yesterday, Reuter reports from Kathmandu. Mr Shrestha told reporters 10.7m people were eligible to vote in elections for the lower house of parliament, the first to take place under a constitution promulgated last November.

Sanctions end Shell contract

Mr Jim Florio, governor of New Jersey, announced that the state would not renew a contract with Shell to supply petrol stations on some of its main roads, Deborah Hargreaves reports. The governor said the contract, worth some $50m a year, will lapse because of Shell's continuing involvement in South Africa.

Mr Florio said he recognised the changes and progress that are occuring in South Africa, "sanctions are working. Victory is in sight. And now is no time to let up." Shell's contract is to supply petrol stations on the New Jersey turnpike.

Sikh militants urged to join talks

Mr Simranjit Singh Mann, the leader of Akali Dal, India's main Sikh political party, yesterday urged militants in the troubled state of Punjab to accept an offer of talks by Mr Chandra Shekhar, the prime minister, Indian news agencies reported.

Seychelles happy to reach UN needy list

George Graham reports on how the tiny economy of the Indian Ocean state is now suffering on two fronts

NOTHING could seem further from the tumult of the Gulf War than the palm-fringed beaches of the Indian Ocean.

For the tiny economy of the Seychelles, however, the Gulf crisis has brought a double ration of problems.

On one side, the Iraqi invasion of Kuwait put a stop to the Seychelles' traditional imports of oil from the Gulf emirate on concessional terms – about 20 per cent below market prices and oil accounts for virtually all the archipelago's energy needs.

On the other hand, hotel bookings in the island paradise have plunged by 60 per cent. The impact of rising aviation fuel costs on air fares and the panic over the terrorist threat have crippled the tourist trade, which traditionally accounts for nearly 27 per cent of the Seychelles' gross domestic product and 42 per cent of exports.

To compensate, the government has had to take drastic steps to curb non-essential imports and to impose temporary foreign exchange controls.

"The immediate impact of the Gulf will be relatively catastrophic for us, though we hope it will not last. But we think that even after the war the effects will persist, and 1991 will not be a good year for tourism," says Mrs Danielle de St Jorre, the Seychelles minister for planning and external relations.

This double blow creates serious development difficulties. The country has been listed by the United Nations Security Council, along with 17 other nations, as among those most affected by the Gulf crisis. Yet its per capita income of $4,167 (£2,137) a year, one of the highest in the sub-Saharan Africa zone, has always disqualified it from a number of aid programmes, even though the Seychellois argue that their islands' import dependence makes them much poorer in terms of purchasing power.

Already, the last year has seen a number of aid flows dwindling or drying up entirely.

Western nations tended to switch their aid effort towards the newly liberated countries of eastern Europe, while scholarships and technical assistance from eastern Europe and the Soviet Union ground to a halt.

"After the events in eastern Europe, there was definitely a closing of doors and even of ears," complains Mrs de St Jorre.

"We get relatively limited financial benefits, because we are either told that we are too rich, or that we are too economically fragile," says Mr Bertrand Rassool, director-general for planning and economic Co-operation.

Mrs de St Jorre plans to start knocking on doors again, armed with the Security Council statement.

A meeting with donors under the auspices of the World Bank in Paris last week to discuss the environmental management plan of the Seychelles suggests that some countries may take notice.

The 10-year plan proposes a $55m package of projects, ranging from the elaboration of emergency procedures to cope with oil slicks or forest fires – like the blaze that ravaged the Coco de Mer trees on the island of Praslin last year – to new legislation to protect endangered sea turtles.

Donor countries at the meeting pledged $40m towards the plan, much more than the Seychelles government had anticipated in current circumstances, with the possibility of obtaining more aid over the duration of the plan.

These pledges will enable the Seychelles to make some development choices which may be less profitable in the short term, but which will favour the island environment – classified by Unesco as part of the world's heritage.

This can mean, on the one hand, using more expensive techniques such as advanced anti-silting measures in the islands' water projects; or it may mean voluntarily limiting development, as the Seychelles have chosen to do with a self-imposed ceiling of 4,000 hotel beds, giving a capacity for 120,000 tourists a year.

"You only have to look at Honolulu, or the Costa Brava, or parts of the coast of Barbados to see what not to do in development," comments Mrs de St Jorre.

The Seychelles are now hoping that, with a little help, they can avoid this sort of overdevelopment and preserve their unspoilt beauty for future generations.

Thais face a rising tide of pollution

Paul Taylor reports that a tradition of neglect may be changing

IN BANGKOK traffic policemen increasingly wear anti-pollution face masks, some handed out by local MPs. In Pattaya, one of Thailand's prime tourist resorts, hoteliers bemoan the "bad-publicity" that dirty beaches and water pollution have wrought upon their trade.

The coral reefs, and their aquatic occupants, that once surrounded most of Thailand's offshore islands are being slowly killed by pollution and unscrupulous divers, mango swamps are being destroyed to make way for prawn farms.

Aside from eels there is little life in the polluted klongs of east Bangkok. Blood/lead levels in many of Bangkok's numerous street sellers are up to three times internationally accepted standards.

At a rough estimate, two out of every three of the section front page articles in both English language newspapers in Bangkok feature environmental issues – a sign that Thai indifference to such problems is slowly changing.

A special supplement in the English language Nation newspaper a few months ago paid tribute to Seub Nakhasathien, chief forester of one of Thailand's few remaining forest reserves, who last September committed suicide in what the newspaper described as "a last desperate shout for the plight of this country's dwindling forests and wildlife". By some estimates, logging has reduced Thailand's forest area from 53 per cent in 1961 to just 28 per cent today.

The government also shows signs of becoming more serious about environmental issues after years of neglect, according to an item in the latest weekly report by W I Carr's Thailand research department.

Last week the Mr Pramual Sabhavasu, Thailand's industry minister proposed that it undertake a long delayed project to build four sewage and waste disposal plants in the Bangkok suburbs – after years of stalled negotiations with a private Thai consortium.

The ministerial plan would involve building three sewage plants and one toxic waste plant in Bangkok's mushrooming industrial suburbs. If approved, it is likely the ministry would build the plants with World Bank funds and then allow private contractors to operate them on a concession basis.

As W I Carr notes there should be no shortage of customers. According to a 1989 study Thailand produced 1.15m tons of hazardous waste in 1986 – mostly heavy metal sludge and solids – and this is projected to increase to just under 2m tons this year. By 1996 hazardous waste output is projected to reach 3.46m tons rising to 5.99m tons by the year 2001.

The increase in hazardous waste largely reflects Thailand's economic success, particularly the growth of industries such as electroplating, electronics, textile dying, metal smelting, pharmaceutical drugs and chemical production.

The industry minister, echoing the sentiments of local think tanks such as the Thailand Development and Research Institute and the National Economic and Social Development Board said, "environmental protection tops this government's policy agenda". He also quoted Mr Chatichai Choonhaven, the prime minister, as saying that it was time Thailand began to enforce the environmental regulations it has on industrial pollution.

One enforcement problem Thailand has suffered to date is overlapping responsibilities and agencies. One possibility apparently under study by the Industry Ministry is to revive a National Environment Board plan for a national hazardous wastes management scheme costing 1.8bn Baht (£37.5m) over 15 years.

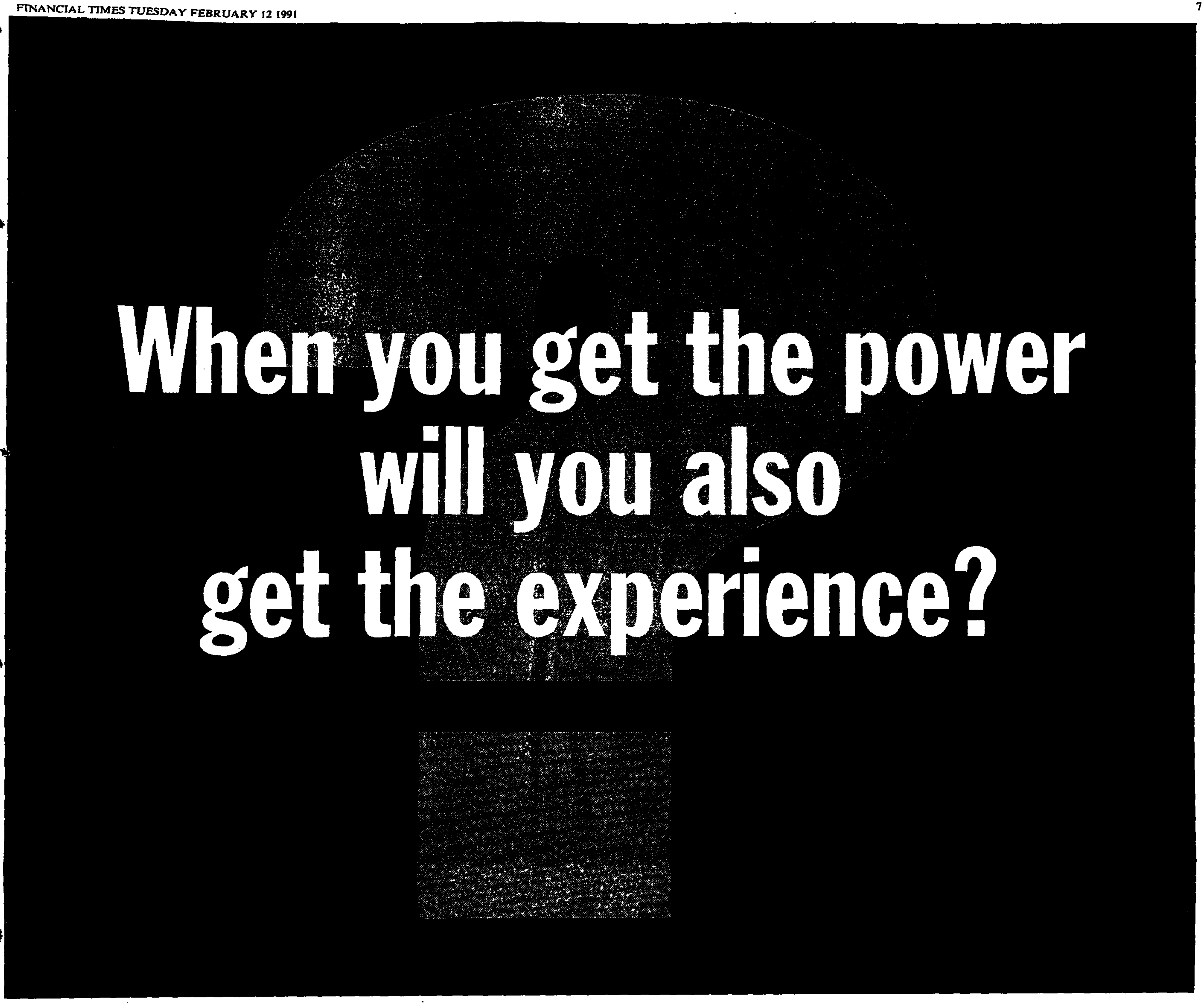
A five-year master plan for the protection of natural resources, including the preservation of mangrove forests and coral reefs, costing 14.2bn Baht, has also been considered.

The government has asked oil companies to half the sulphur content in diesel oil and the petrol lead level from September 1992. The oil companies, most of which say they could do this even sooner, argue they should be compensated, through lower taxation, for the cost involved.

The government controlled Tourism Authority of Thailand – which has always paid lip-service to environmental issues, has recently begun stressing how much effort, and hard cash, is being put into cleaning up some of Thailand's more polluted beaches.

Some see a possible early election as the driving force behind attempts to present a greener image. Others argue that if Thailand is to maintain its main foreign exchange earner – tourism – the government has no choice but to clean up its environmental act.

Continued on Page 21



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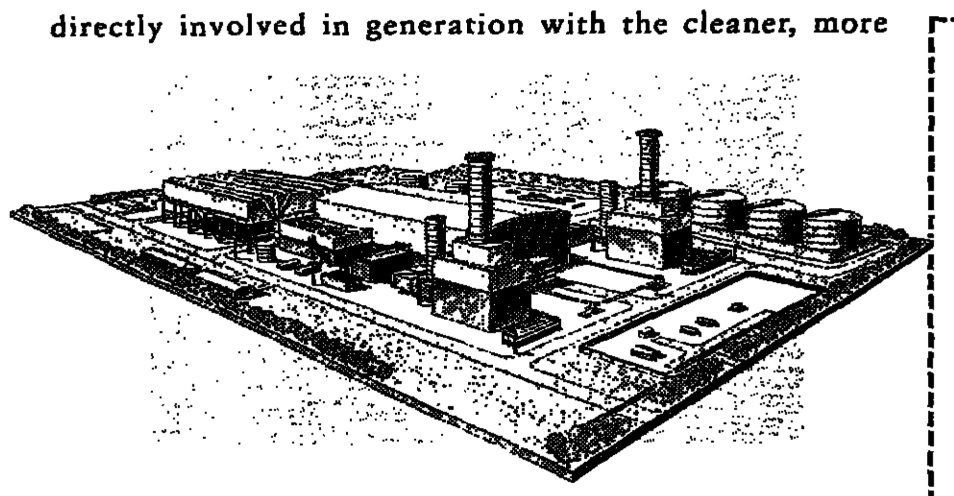

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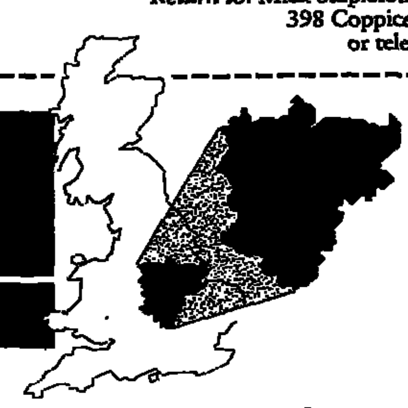

EAST MIDLANDS ELECTRICITY plc

(Continued on the following page.)

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SIB rejects Fimbra fear of insolvency

By Richard Waters

SIR David Walker, chairman of the London Securities and Investments Board, yesterday gave short shrift to calls from Fimbra, the troubled investment watchdog, for an overhaul of the regulatory system *set up under the 1986 Financial Services Act.*

Fimbra warned last week that the costs of regulation and compensation claims against its members could lead indirectly to it becoming insolvent, and called for a restructuring of the system to put the investment regulator on a firmer financial footing.

The Fimbra warning came in a confidential letter, subsequently leaked, to Mr John Redwood, minister of corporate affairs at the Department of Trade and Industry. Mr Redwood has made clear that he believes the problem is one for SIB to solve, not his department.

Throwing the issue back at Fimbra yesterday, SIB said there was no indication that the body's 6,500 members were suffering any more than other financial services companies at present. This meant that there could be no question of Fimbra members being bailed *out in the face of compensation* claims which this year are expected to top £10m.

US airlines raise Heathrow stakes

By Paul Betts, Aerospace Correspondent

INTERNATIONAL airlines are stepping up pressure on Mr Malcolm Rifkind, the UK transport secretary, to allow new *airlines to operate from* London's Heathrow airport.

United Airlines, the US carrier which has agreed to acquire Pan American's Heathrow routes for $290m, warned yesterday that US authorities *may consider taking* retaliatory measures against the UK if its deal to take over Pan Am's London routes was not approved by Britain.

Senior United officials said yesterday time was running out and Pan American risked going out of business unless it could complete its London route transfer deal with United by *March 8.*

Pan Am is due to repay a $150m loan extended by Bankers Trust by that date. Mr Lawrence Nagin, a United senior vice president, said yesterday his airline would not complete the route transfer deal with Pan Am unless it received clearance from the UK authorities.

American Airlines is also seeking UK approval for its plan to acquire for $445m the Heathrow rights of Trans World Airlines, another financially strapped US carrier.

Mr Nagin said yesterday the US had tabled "trailblazing proposals" to the UK government in an effort to revise the existing air service agreement between the two countries.

These included the possibility for an additional UK carrier to fly US routes from Heathrow; additional opportunities for two UK carriers to serve US destinations; and a range of opportunites to give UK carrier access to the US market.

But he said the US had rejected UK proposals to fix capacity constraints on US carriers flying into Heathrow as *well* as eliminating current US flight rights from Heathrow to other European destinations.

But UK officials said yesterday that the British government had offered to reopen talks with the US on the Heathrow issue after the latest round of bilateral negotiations broke down two weeks ago.

But Mr Rifkind still has to decide on the modification of the existing London air traffic distribution rules before new airlines can operate into Heathrow airport. The current rules ban all carriers which have not served Heathrow before 1977 from using London's leading airport.

The Civil Aviation Authority recommended last month the scrapping of the existing London rules. But Mr Rifkind has faced a chorus of protest from UK regional authorities and smaller regional airlines, fellow Conservative members of parliament, and British Airways, the dominant carrier at Heathrow, to reject the CAA recommendations.

United and American: hoping to become a familiar sight at Heathrow

EUROPE IN BRIEF

Report on Rover will prompt row

A damning report on government handling of the Rover car group sale three years ago has split Conservative MPs on the Commons' Trade and Industry Committee and is expected to spark a public row.

At least two Tory members of the cross-party committee will distance themselves from the investigation into the Rover sale to British *Aerospace due to be published* next week.

The row has been triggered by the report's bitter criticism of Lord Young, trade and industry secretary at the time of the sale. He is expected to be attacked for failing to give MPs a clear account of the sale in which BAe bought Rover for £150m.

The report, which took more than two years to compile, focuses on the controversial £44m in "sweeteners" given by the government to BAe as part of the deal.

Companies leave central London

A record number of companies moved out of central London last year, according to a report by Jones Lang Wootton, chartered surveyors.

Thirty-four organisations decentralised during 1990 and at least 48 plan to do so during 1991 and 1992. There was an 80 per cent increase in the number of jobs being relocated during 1990 to 11,380, a figure expected to rise to 14,558 this year.

Property costs were cited *by over half the organisations* as the main reason for moving.

VW dealer calls in receiver

Smithfield Monarch Group, the busiest Volkswagen and Audi dealership in the UK, *has called in Mr John* Wheatley, corporate recovery partner of KPMG Peat Marwick McLintock in Birmingham as receiver.

It collapsed with debts of £12m to banks and finance houses. Up to 200 people could lose their jobs unless the group can be sold as a going concern.

Volkswagen Audi Group said: "Our concern is to keep it trading so there will be the least disruption to customers." Mr Wheatley said he was already being contacted by prospective buyers.

Socgen Lease changes tack

Socgen Lease, the UK leasing subsidiary of French bank *Société Générale, is to redirect* its business towards the upper segment of the market.

This will involve the transfer of the company's UK headquarters from Milton Keynes to London and the closure of six regional offices with the loss of several jobs. The company said the action was a response "to the prevailing situation in the UK equipment leasing market".

Unions try to avoid Gulf split

Trade union executives are applying pressure on their representatives *in the Scottish* Labour party to halt calls for an immediate ceasefire in the Gulf.

The efforts are aimed at averting an embarrassing rift with the party's national executive when Labour's Scottish conference opens at the beginning of next month.

On Saturday, a meeting of the Scottish party's executive committee toned down a resolution demanding an *"immediate ceasefire"* in the Gulf. In a compromise, it called for the UN to initiate a diplomatic drive "with a view to achieving the earliest possible ceasefire".

British Rail earns respite

The government may relax pressure on British Rail to break even on its Network SouthEast operations, which would involve subsidising services for longer than planned, according to Mr Roger Freeman, a junior transport minister.

The government's plan to *phase out all revenue subsidy* to Network SouthEast by 1992/93 was a "target, not an obligation", he told the parliament.

British Rail is experiencing a revenue shortfall in the recession with less income from passengers than forecast and lower receipts from property sales.

London jobs in high demand

Job vacancies in London and the south-east are being chased by up to 30 unemployed people each, according to a survey of 60 travel-to-work areas compiled *by the opposition Labour* party.

In the first part of a nationwide study, Mr Tony Blair, the Labour employment spokesman, said that in London there were 30 claimants for each unfilled vacancy. In East Anglia the ratio was 16, dropping to 11 in the south-east outside London.

One of the intentions of Labour's study is to indicate that the government cannot *point to growing numbers of* job vacancies in an effort to lessen the political effects of unemployment.

Nuclear energy plan urged

Britain needs a long-term *energy policy, whose* cornerstone should be the expansion of nuclear power, according to Mr James Hann, *chairman of Scottish Nuclear.*

"My feeling is there is no such policy – not even one in the course of preparation," said Mr Hann. Mr Hann, who was formerly involved in the offshore oilfield supply industry, said: "Energy really is different – so different that in my personal opinion its provision and distribution should not be left to market forces alone."

Hann: seeking long-term energy policy

Welsh language proposals

A proposal to remove Welsh from the provisions of the 1976 Race Relations Act has been made by the Welsh Language Board, which was set up by the government two years ago.

The board has published recommendations aimed at improving the 1967 Welsh Language Act, which gave legal protection to the use of Welsh within Wales.

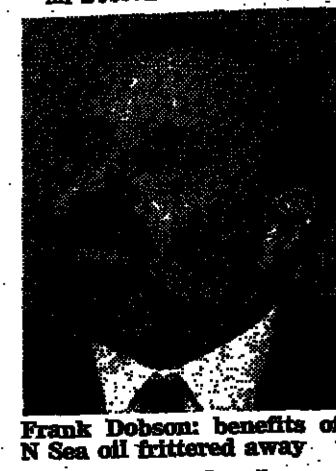
The effects of the Race Relations Act include barring local authorities from advertising for jobs solely in Welsh.

Official fuel policy attacked

Mr Frank Dobson, the opposition Labour party's energy spokesman, criticised the government for allowing the UK to become a net importer of fuel.

Mr Dobson claimed that the benefits of North Sea oil were being frittered away by a government that had failed to invest in energy efficiency and conservation.

Oil imports jumped to 116m tonnes last year – the highest level since 1979 – from 99m tonnes the year before, *according to Mr Dobson.*



Frank Dobson: benefits of N Sea oil frittered away

Tories consider national lottery

Plans for a nationwide lottery to raise more than £1bn a year for the arts and for sport are under active consideration for inclusion in the Conservative party's election manifesto.

Mr John Major, the prime minister, *is understood to* have removed the veto on a government-sponsored lottery imposed by his predecessor Mrs Margaret Thatcher. The idea has won enthusiastic backing among Conservative backbench MPs.

Mr Norman Lamont, the chancellor of the exchequer, also approves of the plan. His approval *has raised hopes* among some MPs that he will use his March budget to back the introduction of a lottery during the next parliament.

Job losses at department store

Lewis's, the department store chain which went into receivership last month with debts of around £50m, is to shed 350 jobs – 10 per cent of its workforce.

Mr Allan Griffiths, the administrative receiver from accounting firm Grant Thornton, said the job losses were regrettable.

However, they might help to secure the future of the remaining employees by making the company more attractive to potential buyers, he said.

Beer sales fall

UK beer production dropped by 0.6 per cent last year from 36.67m barrels to 36.45m, according to the Brewers' Society.

December production was 2.37m barrels, 5 per cent lower than the December of the previous year.

"The continuing squeeze on consumer spending and the recent bad weather are likely to hit retail sales in the first months of 1991," the Brewers' Society said.

Continued on ...

UK NEWS

Prosecution claims illegal share plan was hatched to hide the failure of the record bid for Manpower, the US employment agency

Advisers concealed flop of £837m Blue Arrow rights issue

By Raymond Hughes, Law Courts Correspondent

ON September 28 1987, a group of London professional advisers conspired to conceal from the market the fact that the largest ever UK rights issue had been "an unmitigated flop", the Blue Arrow trial was told yesterday.

The failed transaction was the £837m rights issue by which Blue Arrow, the UK employment agency, was to take over Manpower, a US employment agency.

Mr Nicholas Purnell, QC, prosecuting for the Serious Fraud Office, said the transaction, during "heady days" in the City, had been expected to be a success, enhancing the reputations of those who planned it.

Instead it failed, with only a 38 per cent take-up by the closing time. The prosecution alleged that those who had been at the September 28 meeting, together with others who had helped to keep the failure secret, had entered into a dishonest agreement to rig the market, to hide away the consequences of the failure.

They had hidden away, in their own or associated companies, millions of shares and announced to the world that the issue had been a success.

"They took every step they needed to take to keep away from the market the fact that one fifth of the Blue Arrow shares were being held by those employed by Blue Arrow to bring the issue to the market." It had been a corporate fraud, Mr Purnell said, because the companies employing the conspirators had the resources and reputations to enable the market to be deceived, while the conspirators came to the marketplace with the reputations of their companies giving weight to the decisions they took.

The 10 defendants have all denied a charge that, between September 27 1987 and December 20 1987, they conspired with others "to defraud such persons who had or might have had an interest in acquiring, disposing of, subscribing for, sub-underwriting or otherwise dealing in shares of Blue Arrow by dishonestly misleading the market."

The corporate defendants are County NatWest, NatWest Investment Bank and UBS Phillips & Drew Securities.

The defendants are: Mr Jonathan Cohen, deputy chief executive of NWIB and chief executive of CNW until his resignation in 1988; Mr Stephen Clark, group finance director of CNW; Mr David Reed, former executive director and managing director of corporate finance at CNW; Mr Nicholas Wells, former CNW executive director and a member of the corporate advisory department; Mr Alan Keat, a partner in City solicitors Travers Smith Braithwaite, who advised CNW on the issue; Mr Martin Gibbs, former director UBS Phillips & Drew; and Mr Christopher Stainforth, former director of UBS Phillips & Drew corporate finance.

Seeking acquittal: co-defendant Nicholas Wells, who denies all charges, arriving at court

Mr Purnell said: "They took secret decisions which created a false price for the shares and which meant that other persons who were trading in those shares did so over a period of months in ignorance of the true position."

Mr Purnell said the £837m rights issue was to enable Blue Arrow to takeover Manpower, which was twice its size. If the takeover could be achieved the combined companies would form the largest employment agency in the world and it had been with that aim in mind that Blue Arrow directors had sought to raise the money.

It had consulted its merchant bank and broker advisers who had come up with what had started out as an ambitious scheme but proved to be a failure.

A dishonest agreement had been reached to conceal the true position from the public, to present a false picture and to take whatever steps were necessary to maintain that false picture for such a period of time as would enable the conspirators to resolve the position so that no one should suspect what had taken place – and, perhaps, that a way would be found to make a financial profit for those engaged in the transaction.

"The prosecution's case is that when they set out to achieve that result there came a stage where they were confronted by clearcut alternatives: either to admit failure and accept whatever consequences that might have on their reputations, or alternatively to lie about it.

"They chose to lie about it, not to tell the truth, to cover up the fact that they had not told the truth, and to secretly acquire the shares themselves in order to produce an effect of success and cheat the marketplace into believing there had been a major success in this very significant transaction."

Mr Purnell said that the matter might never have come to light but for the stock market crash of October 19 1987.

Blue Arrow shares had been the second worst affected shares in the top 100 UK companies.

As a result the shares could not be sold by the conspirators at a profit or at cost and to have sold them at a huge loss would simply have produced yet a further collapse in the share price.

The result had been that by the end of 1987 the shares had still been hidden away in a bottom drawer in the merchant bank or in a secret cupboard in the brokers. Mr Purnell said the issue closed at 3pm on September 28 1987, at which time only a small circle of people had known only 38 per cent had been taken up, leaving a rump of shares which had to be disposed of.

The honest course, Mr Purnell said, would have been to have admitted that the issue had been a flop.

Instead there had been a criminal agreement to conceal the outcome, to falsify the figures and to use those falsified figures to place the shares.

A plan discussed before the issue had closed had been put into operation. That had involved parcelling up the unsold shares into artificial holdings below the size that would have to be disclosed and warehousing them – secreting them away until they could be dribbled on to the market without being noticed.

The trial continues today.

Concern at ISE as job cuts mount

By Richard Waters

A NEW round of senior staff cuts at London's International Stock Exchange in recent weeks has eaten further into the institution's management. The job losses have prompted concern among big customers about the effect on the running of the organisation.

The fears follow cuts of around 40 staff from the core trading markets division, which runs the exchange's markets.

The latest reductions have been prompted by the continuing drive of Mr Peter Rawlins, chief executive, to cut costs and reduce bureaucracy.

A layer of management has been cut from trading markets in the past fortnight. This has particularly affected the management of SEAQ International, the share price quotation system that supports the world's largest international equity market.

The effect of the cuts has prompted protests from customers. A London-based securities house said: "We [the market makers] are all very concerned. It suggests the people who run the exchange still haven't accepted that it is not a service bureau. It suggests the ISE is not committed to SEAQ International."

Hopes of interest rate cut subdued by rising factory prices

By Rachel Johnson

FACTORY GATE prices showed their biggest monthly increase in January for 10 years, damping hopes of interest rate cuts this week to soften the recession.

The rise of 1.2 per cent in the producer price index was twice as big as the City of London had expected. It took the annual rate of output price inflation to 6.3 per cent from 5.9 per cent, up to the levels of last May.

This unexpected evidence of inflationary pressures in industry helped subdue speculation of interest rate cuts to accompany the unemployment figures on Thursday or the retail prices index on Friday.

The government's priority is to keep sterling within its bands in the European exchange rate mechanism, and it has said frequently that interest rates can only be cut after inflation has fallen.

The disappointing producer price figures, published by the government, were greeted with alarm in the City. Mr Roger Bootle, economist at Greenwell Montagu, described them as "a substantial blow to the government's anti-inflation battle".

The Treasury acknowledged that the figures were disappointing, but said the government continued to expect sharp drops in inflation later in the year. It added that the provisional figures could suggest companies were passing on higher oil prices.

The jump in factory gate prices pushed sterling rates on the interbank market – in which banks lend to each other – around ⅛ a point higher to 13⅛-13⅜ per cent.

The financial markets, however, continue to discount a cut in rates over the next few weeks. Along with a sharp rise in share prices on Wall Street, where the Dow Jones Industrial Average was up 32.18 to 2,862.87 at mid-session, this helped the FT-SE 100 share index rise 33.8 to 2,279.0. The pound shrugged off the news, weakening slightly to DM2.8875 against a previous close of DM2.8950.

There was a seasonally adjusted rise of 0.4 per cent in input prices of manufacturers' materials and fuel. The input price index fell by 2.3 per cent in the 12 months to January, after a fall of 3 per cent over the year to December.

London stocks, Page 35

UK motor industry faces dramatic fall in car sales

By John Griffiths

THE UK motor trade and industry is facing the alarming prospect that new car sales this year may be half-a-million fewer than just two years ago.

Such a drop in volume, which is equivalent to some 40 per cent of the UK's total car production last year, would be unprecedented.

But it is regarded as increasingly likely by the Retail Motor Industry Federation (RMIF), representing the UK's 7,500 franchised dealers, as a result of the 20.8 per cent fall in UK new car sales last month. This drop followed the biggest monthly fall ever recorded in December, when sales fell by 27.6 per cent, on a year-on-year basis.

The figures have prompted the RMIF to suggest that, in the absence of a sharp cut in interest rates and an early easing of the recession, sales may fall to between 1.75m and 1.8m this year. This compares with 2m in 1990 and a record 2.3m in 1989.

The Society of Motor Manufacturers and Traders, which issued the statistics, has revised downwards its own earlier forecasts to 1.85m.

The statistics were released in a week which saw another 1,230 job cuts announced in the UK motor industry.

UK NEW CAR REGISTRATIONS
January 1991

	Volume (Units)	Volume Change(%)	Share (%) Jan 91	Share (%) Jan 90
TOTAL MARKET	163,534	−20.77	100.00	100.00
UK produced	72,804	−14.83	44.52	41.41
Imports	90,730	−24.96	55.48	58.59
Japanese makes	16,275	−11.64	9.95	8.92
MANUFACTURERS:				
Ford group	37,664	−21.90	23.03	23.37
– Ford	36,858	−21.07	22.54	22.63
– Jaguar	806	−47.32	0.49	0.7·
General Motors	29,794	−19.42	18.21	17.9'.
– Vauxhall	28,590	−20.12	17.48	17.34
– Saab*	1,017	−9.92	0.62	0.55
– Lotus	187	+228.07	0.11	0.03
Rover**	25,192	−9.53	15.40	13.49
Peugeot group	17,939	−19.23	10.97	10.76
– Peugeot	11,752	−16.12	7.19	6.79
– Citroën	6,187	−24.54	3.78	3.97
Volkswagen group	11,548	−23.78	7.05	7.35
– Volkswagen	9,263	−19.26	5.66	5.56
– Audi	1,985	−27.42	1.21	1.33
– SEAT	300	−68.09	0.18	0.46
Nissan	7,238	−25.23	4.43	4.69
Renault	5,173	−39.57	3.16	4.15
Volvo	5,532	−32.11	3.38	3.95
Fiat group	3,810	−32.80	2.33	2.74
– Fiat	3,202	−36.35	1.96	2.44
– Lancia	230	−14.50	0.14	0.13
– Alfa Romeo	378	+6.18	0.23	0.17
Toyota	2,425	+22.78	1.48	0.96
BMW	3,838	−35.68	2.35	2.69
Honda	2,162	−7.96	1.32	1.14
Mercedes-Benz	2,968	−22.26	1.81	1.85

*GM holds 50% of Saab Automobile and has management control
**Honda holds a 20 per cent stake in Rover vehicle operations
***includes Range Rover

Source : Society of Motor Manufacturers and Traders

(Continued on the following page.)

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AT&T
EasyLink Services

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(Continued on the following page.)

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FT LAW REPORTS

Football transfer fee is taxed

SHILTON v WILMSHURST (HM INSPECTOR OF TAXES)
House of Lords (Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Templeman, Lord Ackner and Lord Goff of Chieveley): February 7 1991

A FEE paid by a football club to a footballer to induce him to transfer to the employment of another club, is taxable as an emolument "from" that employment, though the transferring club has no interest in his performance of the employment contract, in that it is an emolument "from being or becoming an employee", and is not attributable to something else.

The House of Lords so held when allowing an appeal by the Inland Revenue from a Court of Appeal decision that footballer, Mr Peter Shilton, was wrongly assessed to tax on a transfer fee.

Lord Templeman said that in August 1982 Mr Shilton, was transferred from Nottingham Forest to Southampton.

There were three parts to the transfer. Nottingham Forest agreed with Southampton to transfer Mr Shilton for a fee of £325,000. Nottingham Forest agreed with Mr Shilton to pay him £75,000 if he agreed to be transferred to Southampton. Mr Shilton agreed with Southampton that he would play for Southampton for four years on agreed terms as to salary, if Southampton paid him £80,000.

The Revenue assessed the £75,000 and £80,000 to income tax under section 181(1) of the Income and Corporation Taxes Act 1970. Mr Shilton agreed the assessment so far as it applied to the £80,000, but disputed it so far as it applied to the £75,000.

Section 181, as amended by section 19 of the Income and Corporation Taxes Act 1988, provided that tax was chargeable "in respect of any office or employment on emoluments therefrom".

The commissioners held that the payment by Nottingham Forest to Mr Shilton was an "inducement" to him to play for Southampton, and as such was an emolument flowing from the service he was to render to Southampton.

Mr Justice Morritt allowed an appeal by Mr Shilton on the ground that the £75,000 paid by Nottingham Forest was an emolument "for", but not "from" his employment with Southampton, and that an emolument paid to an employee by a third party, a person other than the employer, was only an emolument "from" the employer's employment if the third party had some interest in the performance by the employee.

Nottingham Forest had no interest in Mr Shilton's performance of his contract with Southampton. Once he had been transferred it did not matter to Nottingham Forest whether he fulfilled his contractual obligations.

The Court of Appeal upheld Mr Justice Morritt's decision. It held that to be chargeable under section 181(1) an emolument must be referable to performance of services by the employee under his contract of employment. Section 181 was not confined to "emoluments from the employer", but embraced all "emoluments from employment". The section must therefore comprehend an emolument provided by a third party, a person who was not the employer.

Nor was the section limited to emoluments provided in the course of employment.

It must therefore apply first, to an emolument paid as a reward for past services and as an inducement to continue to perform services; and second, to an emolument paid as an inducement to enter into a contract of employment and to perform services in the future.

The result was that an emolument "from employment" meant an emolument "from being or becoming an employee". The authorities were consistent with that analysis and were concerned to distinguish in each case between an emolument derived "from being or becoming an employee", and an emolument attributable to something else, for example to a desire on the part of the provider of the emolument to relieve distress.

If an emolument was not paid as a reward for past services or as an inducement to provide future services, but was paid for some other reason, then the emolument was not received "from the employment".

The £75,000 paid by Nottingham Forest was an inducement to Mr Shilton to enter into a contract of employment under which he would perform services for Southampton for the next four years.

Unless Nottingham Forest and Southampton induced Mr Shilton to enter Southampton's employment, the £325,000 would not be paid by Southampton to Nottingham Forest. Nottingham Forest had a powerful motive for offering an inducement to Mr Shilton to become a Southampton employee.

That motive did not alter the fact that the £75,000 paid by Nottingham Forest was an emolument "from employment", because it was an emolument "from becoming an employee", indistinguishable from the £80,000 paid by Southampton for the like purpose.

Mr Thornhill for Mr Shilton argued that for the purposes of section 181 an emolument must be "for" employment and not merely "from" employment.

If the argument were correct no emolument provided by a third party would be taxable under section 181.

The courts below said the third party must have an interest in performance of the contract. They relied on *Pritchard v Arundale (1971) 47 TC 680,689* where Mr Justice Megarry said that on the language of the statute the payment must be an emolument "from" the employment. He said "I do not think 'from' means 'for'. In other words the payment must be made in reference to the services rendered . . . and as a reward for them, and so in that sense flow 'from' the office or employment".

That passage was unnecessary to the decision because in *Pritchard* the emolument did not arise from employment but from something else, namely as compensation for giving up an established position.

In the present case, Mr Justice Morritt, applying that passage, said a payment by a third party might be an emolument "where the payer has an interest . . . in the performance of the contract of employment".

Lord Justice Staughton said the distinction between appointment and employment, ie becoming and remaining an employee, might be of no consequence in the case of payment by a third party "if he is interested in the services to be performed".

There was nothing in section 181 for the authorities to justify the inference that an "emolument from employment" only applied to an emolument provided by a person who had an interest in the employee's performance under the contract of employment.

If section 181 applied only to an emolument provided by an employer or third party who had an interest in performance of the contract of service, there were difficulties in defining the "interest" which made the employee liable to tax.

Mr Thornhill suggested that if the £75,000 had been paid by a shareholder in Southampton Football Club interested in dividends and capital value of shares, then it might have been an emolument from employment. But, he said, as the £75,000 was provided by Nottingham Forest which was only interested in the £325,000 payable if Mr Shilton agreed to play for Southampton, section 181 did not apply.

The preferable view was that an emolument arose from employment if it was provided as a reward or inducement for the employee to remain or become an employee, and not for something else.

There was nothing in the 1970 Act which suggested the gloss which the courts below had put on the statute.

Both Southampton and Nottingham Forest were interested in Mr Shilton's becoming a Southampton employee. The emoluments of £80,000 and £75,000 were both paid to him for the same purpose and had the same effect, namely as an inducement to him to become a Southampton employee.

Performance of the contract of employment did not depend on either or both emoluments. Mr Shilton played for Southampton because he had contracted to do so, not become he had received emoluments. Emoluments amounting to £155,000 might be expected to inspire him to great achievements, but that inspiration came as much from the £75,000 provided by Nottingham Forest as it came from the £80,000 provided by Southampton.

Indirectly the whole of the £155,000 could be said to have been provided by Southampton. The signing-on fee was liable to tax under section 181. The appeal was allowed. The commissioners' assessment was restored.

For the Revenue: Alan Moses QC (Inland Revenue Solicitor).
For Mr Shilton: A Thornhill QC and D Ewart (Hempsons).

Rachel Davies
Barrister

FREE CALLS FOR THE TROOPS

AN APPEAL TO BRITISH INDUSTRY ON BEHALF OF THE BRITISH TROOPS IN THE GULF

Dear Colleague,

I have been considering how we in British industry can help our Forces in the Gulf at this difficult time. One way is to help them keep in touch with home. A phone call can really boost morale. We can give our troops the means to make that call.

That is why Cable & Wireless' subsidiary, Mercury, has recently sent forty payphones for British Forces to use at bases in Saudi Arabia. Mercury are rushing a further 46 payphones to the Gulf. It will operate them on a non-profit basis.

British Aerospace, National Westminster Bank and Cable & Wireless have joined together to contribute £1 million to purchase 100,000 Mercurycards for the Ministry of Defence to distribute to British personnel in the Gulf.

I want to take the initiative a step further, which is why I am now appealing for other British companies to join us in providing this help for our troops. A minimum contribution of £10,000 will buy 1,000 cards. Each card will pay for two or three short calls or for an eight-minute call home.

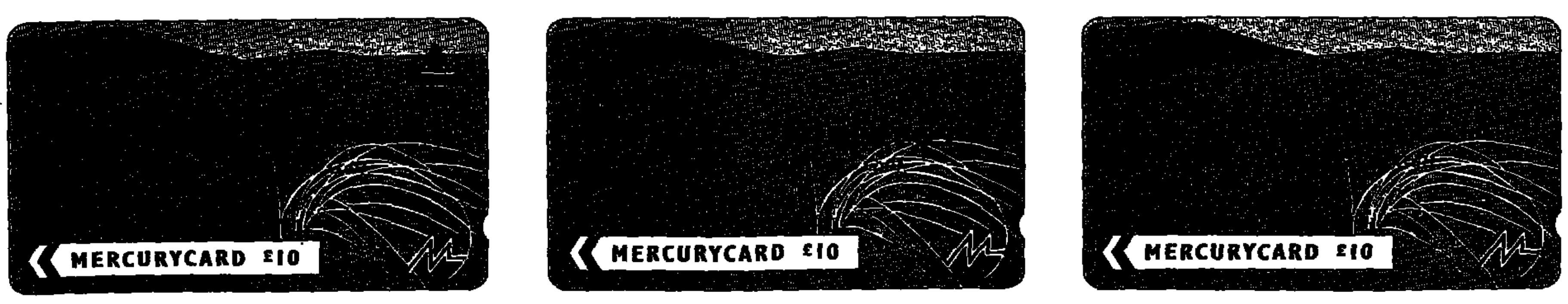
If you want to contribute, please telephone 0800 300 777 for further information. If your company wishes its name to appear on the cards, this can be arranged. We are making arrangements with Forces charities for gifts to be treated as charitable donations. When the crisis is over, any surplus funds will be donated to the Gulf Trust.

I hope you will join us to help maintain the important link between British Forces and their families.

Yours

David Young

LORD YOUNG OF GRAFFHAM



FOR FURTHER INFORMATION TELEPHONE 0800 300 777

(Continued on the following page.)

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In a third article on data security, **Della Bradshaw** examines ways of combating computer crime

The fraud busters make their move

In October 1990 British Aerospace hit the headlines when two men appeared in a Bristol magistrates court charged with trying to defraud the company of £40m. in one of the largest attempted computer thefts reported in the UK.

Because many companies are too embarrassed to admit they have been victims of such crimes, their frequency is difficult to quantify. But with nearly 100 computer frauds reported in 1989 in the UK alone, nobody doubts that such crimes are on the increase.

Whereas computer crimes in the past were largely the work of disgruntled employees, today the widespread use of computer systems in financial applications – payroll, funds transfer or bill payment – has offered organised crime a lucrative opportunity. As a result the traditional bank or security van robbery is being replaced by the split-second financial transaction of a computer system.

"It's the most sanitary way of robbing an organisation, without shedding blood," points out Ken Wong, account development director for security at PA Consulting. "It doesn't take too much to bribe a technical person to give them access to financial information – a nice sports car, say, or a woman."

Fraudsters are aided by modern computer architectures which enable company employees to use the main computer with terminals connected to it. The monolithic architecture of the old data processing centres, by comparison, meant far fewer employees could use the computer. It was far more difficult, therefore, for thieves to break in and alter the data.

Today's fraudulent attacks fall into two main types: single large-scale frauds, where millions of pounds are removed in one swoop; or what Donn Parker, senior management consultant at SRI International, in California, calls "salami attacks" – where small amounts of money are sliced away over a period of time.

In "salami" crimes employees usually exploit the controls that have been built into the computer systems – often specifically to prevent fraud. One example cited by Parker involved a member of the payroll staff entering overtime payments to several employees. But while she entered the employees' names correctly – and it was the names that were used for checking payments – she entered her own employee number, so the money was paid into her bank account.

According to Parker, research at SRI, where 2,500 crime cases have been recorded and analysed over the past 20 years, shows that "salami attacks" are still more prevalent than large-scale frauds. But Wong believes that there is now a trend to larger one-off crimes, and points to the modern world of electronic funds transfer as the reason. With networks such as Chaps – the Clearing House Automated Payment System, the electronic credit transfer system for UK banks – once the transfer is made the payment is guaranteed. "Once the fraudulent transaction is discovered it is too late," says Wong.

Wong acknowledges that today most frauds are discovered by regular checks. Such was the case with the Hill Samuel bank in London, which in October 1988 was the victim of an attempted multi-million pound fraud in which the fraudsters tried to deposit money in several overseas bank accounts. Technically this was not a computer fraud, because the instructions were made manually rather than by computer, nevertheless it was Hill Samuel's electronic internal reconciliation system that spotted the payments before the funds could be withdrawn.

"At the moment detection techniques are fairly traditional," says Wong. "If 200 transactions are carried out then the same checks are carried out on all 200." But he believes that selective checking, using the latest expert systems, for example, could prove less expensive and equally effective.

In the case of a bank or credit card company, for example, the expert system would be programmed to know that a £2,000 transaction at Harrods would probably be genuine, whereas a transaction of the same amount from the local supermarket would not.

Barclaycard is already conducting trials of an expert system developed in conjunction with Touche Ross. Fed with information on 20 years of credit card fraud the software analyses transactions as they come into the main computer centre and spots patterns of buying which indicate that the card may have been stolen.

If the system believes that the card is being used illegally, Barclaycard phones the card owner. In trials the company has found that the first many owners know about the theft of the card is when they receive the phone call.

Other computer software developments are also taking account of the problems of fraud, says Clive Blatchford, a computer security specialist. Many are adaptions of techniques already used in military computing.

Computer maker ICL, for example, now offers a high-security version of its VME operating system for commercial use. This incorporates mandatory controls – files cannot be moved from one section of the computer to another: from payroll, say, to manufacturing.

Such security measures have now been adopted for the Unix operating system. The latest version of Posix – which interfaces between Unix and the applications software – has the capability to create these mandatory controls. Blatchford points to trade bodies, such as the European Computer Manufacturers' Association (Ecma), and to certain European government-backed bodies which are working on similar techniques. He admits, however, it will be 1995 before any major changes will take place.

In the meantime, Parker believes companies can do three things to prevent fraud:

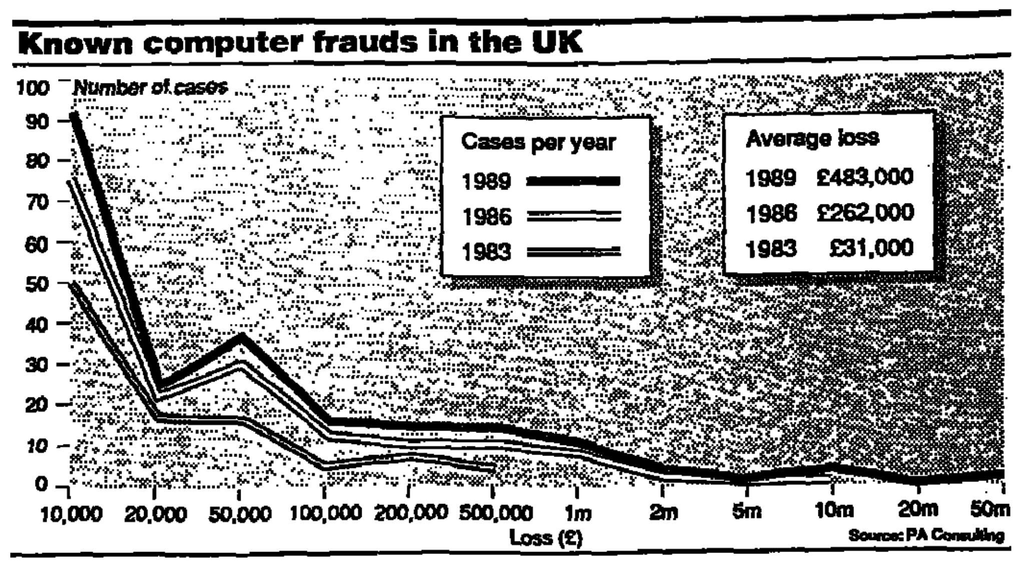
- Because defrauding a business involves getting funds out of the organisation, checks should be instigated at the periphery of the financial system, at all points where money leaves the company. That could be where the funds are transferred or where the company cheques are printed.
- Interviews with fraudsters indicate that they commit crimes because they have personal problems, not because they necessarily need the money. Employers, therefore, should be sympathetic their employees' problems.
- Many controls in computer systems rely on a set of established values: cash transfers, for example, may only be checked if they are above a certain limit. Because insiders can easily exploit these static controls, Parker recommends that they should be replaced by dynamic ones. "The computers should change the controls at unspecified times and in unspecified ways, so no human knows what controls are in place. If the values are constantly changing it increases the complexity of the crime immensely."

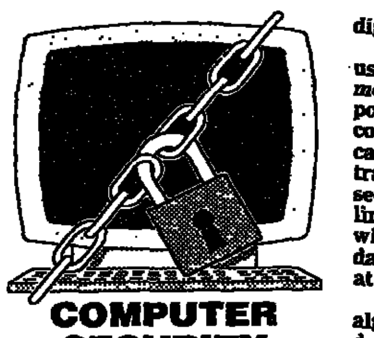
David Frost, a partner at Price Waterhouse, points out that would-be thieves often perform a trial run to establish whether there are any controls in place. If there are, the fraudsters explain it away as a simple error or a program bug. Frost believes it is important for management to investigate such irregularities thoroughly.

The comforting news for companies is that while large one-off attempted frauds are on the increase, few have been pulled off successfully. Even those who have successfully transferred cash into overseas accounts have often been unable to clear the final hurdle – how to get it out of the bank without arousing suspicion.

The final article, on computer viruses, will appear next week. Other articles appeared on January 29 and February 5.

Known computer frauds in the UK





COMPUTER SECURITY

For Richard Needham, Northern Ireland under-secretary, the interception of his carphone conversation last November and the subsequent *publication of the* conversation in the press must have caused acute embarrassment. But for MPs and businessmen alike it was the security of their phone conversations which caused most concern.

One of the first to try to thwart eavesdroppers has been Edward Heath, the former Conservative prime minister. He has installed scrambling devices on his Motorola carphone and on phones in his office and home.

The relatively simple devices cost from £250 for each phone – both the caller and the receiver need to have installed the equipment. They ensure privacy rather than complete security, says Timothy Laing, managing director of Cairntech, of Inverkeithing, which installed the small printed circuit boards into Heath's phones.

The scrambler takes the analogue voice signal, splits it and inverts it. The device in the adapted receiving phone re-organises the incoming signals in the correct order.

A phone which is completely secure is more expensive – from about £2,500 for a desk phone and slightly more for an adapted mobile one. That is because "to make voice secure, you have to make it digital," says Laing.

The voice signal is digitised using a special coding mechanism. *Two of the most* popular are linear predictive coding, which turns the voice call into data which is transmitted at 2.4 kilobits a second, and codebook excited linear prediction, or Celp, which converts the call into data which can be transmitted at 5.3 Kbit/s.

***Once* digitised, a cipher algorithm is applied to the data. When the call reaches its destination, the reverse takes place. Similar devices can be used for ensuring the security of messages sent from fax machines, which also use the ordinary phone network.**

These highly secure phones, from companies such as GEC-Plessey Crypto, of Liverpool, and the Italian company Telsy, of Turin, are proving popular in banks, financial institutions and large corporations, according to GEC-Plessey Crypto.

DB

Small firms need special attention

By Charles Batchelor

Government support for innovation is finally starting to take account of the real needs of Britain's small firms. Government rhetoric has made much of the importance of small businesses to the economy, but schemes to promote research and development have for too long assumed that the requirements of small firms are the same as those of large ones.

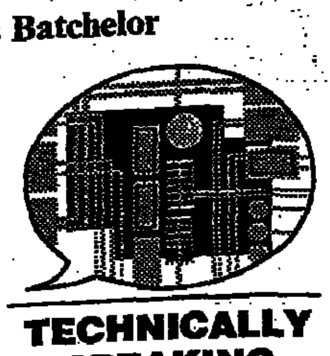
Public-sector programmes have therefore attempted to promote co-operation between one small firm and another and between small firms and academic institutions. They have also tended to focus on technologies still some distance from the market place. Yet small firms find it difficult to manage such collaboration agreements and they often cannot afford to take too long a view of the projects on which they are working.

The launch last week of SPUR (Support for Products Under Research) marked a further acknowledgement that small businesses need specially tailored programmes to meet their specific needs. SPUR funds will be made available for businesses employing up to 500 people and do not require recipients to collaborate with anybody.

The introduction of SPUR follows the success of SMART (Small Firms Merit Awards for Research and Technology), which is available to back innovation in firms with up to 50 employees. Demand for SMART has been running ahead of supply and is likely to continue despite the recent expansion of the programme.

But even with the introduction of SPUR and the expansion of SMART, large chunks of government money will continue to be devoted to collaborative programmes for companies of all sizes. About £50m of innovation support for collaborative programmes will be available from the Department of Trade and Industry this year with a similar amount coming to UK companies from European Commission programmes.

The need for sensibly targeted government programmes has become all the more pressing following the failure of the UK venture capital industry to provide significant backing for small, technology-based businesses. Seduced by the more attractive returns available from backing management buy-outs, UK venture capitalists invested just 12 per cent of their funds in technology ventures in 1989.



TECHNICALLY SPEAKING

This low figure does not reflect any lack of inventiveness on the part of the small companies themselves. One in three significant innovations in the UK originates in companies with fewer than 500 employees while American studies have shown that small businesses are more innovative than large companies.

But helping small businesses develop ideas and turn those ideas into marketable products requires more than just money. They need help to find their way through the innovation networks of patent agents and licensing consultants and better contacts with academic institutions (a problem which is recognised in a second stage of the SPUR programme to be announced shortly). Big business, too, needs to be more aware of the innovative potential of smaller firms.

For it is in converting their ideas into marketable products and these products into a viable business that small firms face their biggest challenge. Innovative British firms do not have the large, receptive home market of their US counterparts and must, at a very early stage, tackle international markets if they are to grow.

The new direction which is being taken by the latest government programmes is to be welcomed but the future progress of both its collaborative and non-collaborative programmes must be carefully monitored to ensure they continue to meet the real needs of small business.

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For further details contact the Joint Administrative Receivers Ken Jones or Andrew Menzies

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Touche Ross

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FT SURVEYS


The interior of Chartres Cathedral showing the Rose window by Dennis Creffield, left; and 'Witches Spitting Fire' by Joseph Beuys

Drawings which defy description

William Packer reviews the work of an expressionist, a mystic and a minimalist

Three notable one-man exhibitions current in London give us the opportunity to see drawing shown in its own right, and perhaps to consider quite what we expect "drawing" to be. *At the Albemarle Gallery* (18 Albemarle Street W1: until March 1) Dennis Creffield, at the age of 60, is having his first London show in a private gallery. At Anthony d'Offay Fine Art (9, 21 & 23 Dering Street W1: until February 26), a large retrospective exhibition of the drawings of the late Joseph Beuys fills all three galleries. And upstairs in Annely Juda's handsome new premises (23 Dering Street W1: until March 2), Alan Reynolds' retrospective includes a number of large drawings. Of the three artists, one is an expressionist, one a conceptualist and mystic, one a minimalist. There is nothing to be seen of objective description or analytical study between them.

Creffield does at least make direct reference in his work to an observed reality. He has already made drawings of all the English cathedrals, which were shown around the country by the South Bank Board, and now he has turned his attention to cathedrals of northern France. But the result is indeed far from being in any sense an exact description of what he sees. There is no detail, no close study of architecture in any Ruskinian sense, and it is hard to see how there could be when a single façade would take an age to comprehend. Rather the truth of his observation rests on the physical and intuitive experience that each of these great monuments affords him, inside or out.

He does so with exuberantly abstracted abandon. It might be the *massed bulk of the place, the building* as object, or the contradictory, soaring lightness of such weight that excites him, or again the high, swirling emptiness of the interior. Whichever the case, the images are coaxed out of the dense charcoal working of the surface, drawn, rubbed-out, rapidly and instinctively reworked and rubbed again, images sometimes almost like images conjured out of the smoke or clouds.

In the late 1940s, before going on to the Slade, Creffield studied at the Borough Polytechnic where, along with Auerbach and Kossoff, he was taught by David Bomberg, whose teaching by example was not the least of his contributions to British art. In Creffield, an artist similarly overlooked for so long, he has a worthy heir, certainly in respect of his draughtsmanship.

This is not to make direct and inevitably invidious comparison, for Creffield is entirely his own man. Yet to stand before these fiercely active, abstracted visual responses to the fronts of Rheims or Rouen, or the flying buttresses of Le Mans, is immediately to think of *Bomberg at Ronda*, the town high on its cliffs above the gorge.

Only Creffield the pupil has gone further than the master, investing all *the painterly energy of these past* several years in this now immense, seemingly limitless sequence of drawings. To say they challenge the conventional hierarchy and, though mere works on paper, aspire to the standing and authority of painting, is to state the obvious.

The drawings by Beuys could hardly be more different, not least in that coming as they do from the hand of the supreme guru of late modernism, *they could hardly be more unob*tainable. Some hundred or so are shown, all small single sheets from note or sketch-book, though one image, "the cable", extends across several, in conceptual if not formal unity.

Overall they date from the 1940s to the 1980s, and within them there is not even an approach to an observed reality. Rather they represent the gently doodling exploration of an entirely imaginary world, the line gentle, scrappy, wandering and allusive, the images arbitrary, improvisatory and abstracted, the touch light, the mood wryly humorous and reflective. *It is drawing justified simply* by making a beginning to discover the end.

Figures do emerge, and strange creatures, but always to some unspoken magical purpose, as with prehistoric paintings in a cave, images both familiar and magically transformed. Beuys identified himself closely with this other world, seeing himself indeed as "the Shaman", the priest-seer that figures in several of these drawings. It is for the artist, as he saw it, to devise the rituals and guard the mysteries of the creative imagination, and it is in this sense that all his work, with its fetishes, totems and *mixed installations, continues to have* meaning, difficult though it so often is for the sceptical to accept as art.

Often enough I find that difficulty myself with particular work, but I do respond to its ambiguous, informing, atavistic force. And it is such drawings as these that bring us closest to Beuys's imaginative sources, revealing him as a true artist, shaman rather than charlatan. The mistake lies only in assuming that everything *of his that is especially difficult and* obscure is thus of a deep and transcendental significance.

Alan Reynolds is an artist, now in his mid 60s, whose first success came *in the 1950s with his strongly graphic,* neo-romantic images of teazles and hop fields, shades of Samuel Palmer and the Ancients. But behind the directly recognisable and seductive imagery there always lay a simpler, more abstracted pictorial architecture. The process of its isolation and refinement has been the story of his career.

This retrospective shows how truly of a piece that career has been, from first to last, the earliest paintings not merely sympathetic but necessary to these latest drawings, though the first may be of hop poles and the last a simple, modular arrangement of *squares in various tones of grey*. The judgement of texture, tone and surface is exact, the touch at once impersonal and unmistakeable. And what is the image but an order and programme of these grey squares as they dance across the surface, light and stately. "Such harmony is in immortal souls; but . . . we cannot hear it."

Mostly Carter

QUEEN ELIZABETH HALL

But not only him: the London Sinfonietta's contribution on Sunday to the Elliott Carter festival also included Oliver Knussen's ten-year-old *Coursing*, and the late Stravinsky Movements for piano and orchestra. With Knussen himself conducting, both of those sat perfectly with the Carter music, and made their own lucid impressions. The six breathless minutes of *Coursing* again seemed marvellously dense; memory said that the tearaway unison-line for everybody had been even sharper at the Roundhouse première, but memory *sometimes plays false*. A new Knussen piece had been announced too, but nobody really expected it to happen, and it didn't.

He secured a *tingling*, articulately balanced account of Stravinsky's ultra-compact Movements, with Paul Crossley as a model soloist – discreetly *pointed expression*, *quite* without the over-refined *mezzo piano* and languishing paragraph-ends that bothered me in his recent Sony *recording (same band, different* conductor). It's another work that reveals new, satisfying density at each hearing whilst retaining a light and astringent air.

Carter's Double Concerto – again with Ian Brown's piano and John Constable's harpsichord: it has become a Sinfonietta party-piece – crowned the concert. This was the piece Stravinsky identified when he was asked whether there were any American masterpieces in music. Probably doubts about its *pragmatic realisation will* remain: there are many intricate details that ought to be vital to the audible development, but which *invariably fall victim to the* exuberant percussion or to the frailty of harpsichord-sound (even amplified). On the other hand, the big dramatic paragraphs and the large-scale rhythm of the score always *strike home in a performance* of this much expertise. One must be content to think that everything will eventually be heard, over the years, in *some performance or other*.

Earlier, Carter's 1988 Oboe Concerto made a captivating experience. Backed by Knussen's fine ear for orchestral colour, Gareth Hulse delivered the strenuous solo part – scarcely a pause *during its 20-minute length*, when the rule for orchestra-oboes is that they shouldn't be asked to play more than a third of the time! – *with tireless imagination*. Carter has provided a rich role for an intrepid player (the work was commissioned for Heinz Holliger): not only *capricious variety of the most* succulent kind, but expressive potential that should reward exploring through many performances. Hulse was a committed musical explorer.

We had also Carter's brittle, lovely tribute to Sir William Glock, a homage-canon for wind-and-string quartet in which the slow, luminous middle section makes retrospective sense of the schematic opening and lights up what's still to come. Carter's recent homage to the much-regretted Italo Calvino, a "Con leggerezza pensosa" for mixed trio, proved to be gentle, wry and elevated. Sweetly, lyrically "accessible" throughout, with pawky *repetitions to guide the ear and* equally to misdirect it into illuminating surprises, it pays honour to Calvino's style with the utmost grace.

David Murray

BBC Symphony Orchestra

ROYAL FESTIVAL HALL/RADIO 3

A freeze is certainly settling into London's musical life. One cancellation follows another at the moment, as singers, con*ductors and even whole orches*tras fail to appear. Especially disappointing is the absence of Günter Wand, who was scheduled to conduct two concerts *with the BBC Symphony* Orchestra, and it was fortunate that the orchestra's Principal Conductor was on hand to take over on Friday.

This was not the first time that Andrew Davis has taken *the place of the ailing Wand* and found himself conducting Bruckner, as the same thing happened at the Proms a couple of years ago. For the con*ductor who is making this* unenviable substitution, there is however one boon. Wand likes long rehearsal periods and the fruits of those could be heard on Friday in the clean rhythmic articulation of the BBCSO's wind and brass.

That rhythm should play a prominent part in Bruckner's Eighth Symphony at all tells us a lot about Davis's view of the composer. The radio broadcast of the concert, to which I listened, fell within five or six minutes of the time that the BBC had allotted to Wand; but it *felt as though the symphony* had passed altogether more rapidly. The performance had a vigorous, at times almost athletic quality about it.

Davis is not a Brucknerian of long and deep experience. To *date his best understanding of* the symphony as a musical form has been shown in the works of later composers and the lessons learnt there cannot help being *carried over*. Textures were clear in a functional modern way. The endlessly repeated phrases, so personal a feature of Bruckner's style, pushed ahead as though they wanted to be obsessive Mahler or *insistent Shostakovich*.

In short, the performance was short on those estimable Brucknerian virtues of patience and magisterial nobil*ity of heart. The Haas edition*, incorporating passages that the composer later cut, was used. That is the version accepted by most musicians these days, but perhaps Andrew Davis might consider a return to the slightly trimmed Nowak edition. Its view of the symphony as a taut and dramatic structure would coincide well with his own.

The second of Wand's intended concerts, an all-Mozart programme on Friday of this week, will now be conducted by Stephen Bishop-Kovacevich.

Richard Fairman

Rusalka

NATIONAL THEATRE, PRAGUE

This new production of *Rusalka* arouses mixed feelings. None of the *voices makes much of an impression*. The staging is neither literal enough to satisfy traditionalists nor sufficiently confident of its own ideas to be classed as modern. By *international standards* it is a modest achievement, and one wonders whether this is the right time for the National Theatre to be considering a return visit to the Edinburgh Festival.

Given the company's current *predicament*, however – no money, no budding younger generation of singers or designers and a management floundering indecisively – it is a miracle that the production was *mounted at all. It is staged* by an Austrian, Nikolaus Windisch-Spoerk, designed by Josef Svoboda and conducted by Bohumil Gregor.

Gregor's contribution alone makes the evening worthwhile. He establishes *Rusalka* as a true Bohemian music drama, curing it of the Wagnerian overtones that tend to drift into west European performances, and suggesting that Dvorak as much as Janacek built his themes on speech rhythms – the Wood-Nymphs' motif is a good example.

It is good to hear the work again sung in the original Czech, and even better to find the National Theatre orchestra responding so crisply and idiomatically to Gregor's direction. The overall effect is extremely poetic – horns and woodwind contributions are a constant delight – and Gregor's dynamic shading for the singers is exemplary. Gregor, whose association with this company now stretches *back 46 years*, deserves credit for providing an artistic mainstay in its hour of need.

Svoboda's decor is an update of his ideas for the classic 1955 production, *which had begun to look increasingly* old-fashioned and tatty. The set is still a masterpiece of illusion, this time through the use of constantly changing projections on to a background wall of flowing strips. These create an impression of dappled light in green, purple and turquoise, and offer half-seen vistas of lakeside rushes, forest glade and castle *facade*.

His approach may still be fundamentally naturalistic – no Pountneyesque subtext here – but it has the virtue of visual economy. It is also true to the dream-like spirit that hovers over *Rusalka*, placing it somewhere between the impressionist otherworldiness of *Pelleas* and the Romantic oblivion of Tristan.

On the surface, it was a dubious use of the National Theatre's meagre financial resources to engage an unknown foreign producer. Some of Windisch-Spoerk's ideas were questionable – above all, the appearance of extras in modern *evening dress during the act two* polonaise, while the dance was glimpsed on film in period costume.

However, he more than compensated by persuading the cast to *jettison* its usual stock-in-trade gestures – the bane of most opera performances in Prague – and to justify every movement.

As a result, with two minor *exceptions, the acting* was concentrated and purposeful.

The singing is no better or worse than one might expect from the house ensemble of a medium-sized German theatre. Jirina *Markova's Rusalka is* blonde and statuesque, but she tends to sing flat and as yet does not create character with the voice. The Prince was Miroslav Kopp, Prague's only *leading tenor*, who husbanded his resources well without developing a strong dramatic profile. Daniela Sounova-Brouckova was a lacklustre Foreign Princess. Some of the best singing came from the three Wood-Nymphs, particularly Iveta Zizlavska.

Andrew Clark

British ceramics sale a quiet success

By carefully selecting the antiques they are accepting for sale and insisting on reasonable reserves, the auction houses are gently nursing the art market back to health. A good example was provided at Christie's yesterday when British ceramics totalled £181,082, with just 10 per cent unsold.

This has always been a quiet, *unsensational, market but even so the* sale was encouraging. A Chelsea lobed beaker, 7cm high, made around 1750, beat its estimate at £9,680, while a Glasgow (Delftfield) baluster vase *and cover decorated with flowers*, dated to 1760, more than doubled its forecast at £8,800.

In contrast a Staffordshire saltglaze mug of around 1740, commemorating the victories of Admiral Vernon, went well below forecast for the same sum.

The Japanese are still busy in certain sections of the market. A Tokyo dealer paid $330,000 (£166,205) in New York over the weekend for a platinum and diamond wristwatch, made in 1955 by Vacheron and Constantin.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Olaf Baer sings Beethoven, Schubert, Wolf, Mendelssohn and others, accompanied by Helmut Deutsch (718345)

■ BARCELONA

Gran Teatre del Liceu 21.00 Last performance of Johannes Schaaf's Salzburg Festival production of Capriccio, conducted by Uwe Mund with cast led by Lucia Popp (412 1466)

■ BERLIN

MUSIC

Staatsoper unter den Linden 19.00 Claus Peter Flor conducts Der Freischütz, with Magdalena Hajossyova as *Agathe and Reiner* Goldberg as Max. Sun: Heinz Fricke conducts Der Rosenkavalier (2004 762)

Deutsche Oper 19.30 Gunter Kramer's new *production of Die* Entführung aus dem Serail (3410 249)

THEATRE

Berliner Ensemble 19.00 The *Caucasian Chalk Circle* (2827 712)

Deutsches Theater 19.30 Kleist's Der zerbrochene Krug (2871 225)

Schaubühne 19.30 Luc Bondy's *production of The Winter's Tale*, designed by Erich Wonder. Also Fri (890023)

Schiller Theater *20.00 Liebe macht* Tod, adaptation of Romeo and *Juliet* by Thomas Brasch. Also Sat (3195 236)

■ BOLOGNA

Teatro Communale 20.30 *Un ballo* in maschera with Aprile Millo as Amelia. Also Fri and Sun (529999)

■ BRUSSELS

Palais des Beaux Arts 20.00 Ronald Zollman conducts Mozart symphonies No 25 and 40, with Steven Isserlis soloist in Haydn's *Cello Concerto in C* (507 8200)

Monnaie 20.00 Revival of Adolf Dresen's production of Jenufa conducted by Ingo Metzmacher, with Linda Plech in title role and *Anja Silja as Kostelnicka*. Also Thurs and Sun (219 6341)

■ CHICAGO

Orchestra Hall 19.30 Kurt Masur conducts Chicago Symphony Orchestra in Prokofiev's Classical Symphony, Hindemith's Concert Music for Brass and Strings and *Mendelssohn's Scottish Symphony*. Thurs, Fri and Sat: Pinchas Zuckerman conducts Elgar, Haydn and Mozart (435 6666)

■ HAMBURG

Staatsoper 19.00 Harry Kupfer's *production of Werther* conducted by Gerd Albrecht, with Keith Ikaia-Purdy in title role and Kathleen Kuhlmann as Charlotte. *Also Fri. Tomorrow and Sat: Donald* Runnicles conducts Lady Macbeth of Mtsensk (351555)

Deutsches Schauspielhaus 19.30 *Goethe's Reineke Fuchs directed by Michael Bogdanov*, also tomorrow (248713)

■ LONDON

MUSIC

Covent Garden 16.30 Bernard *Haitink conducts Götz Friedrich's* production of Götterdämmerung, with Gwyneth Jones as Brünnhilde, Rene Kollo as *Siegfried* and John *Tomlinson* as Hagen. Also Sat (240 1066)

Coliseum 19.00 Nancy Gustafson sings title role in David Pountney's staging of Rusalka, also Thurs (836 3161)

Royal Festival Hall 19.30 Bryden Thomson conducts London Philharmonic in Walton's Hindemith Variations, Elgar's Sea Pictures with Linda Finnie, and *Rachmaninov's* Third Piano Concerto played by Leon McCawley (928 8800)

Queen Elizabeth Hall *19.45* Christopher Warren-Green is conductor and soloist with the London Chamber Orchestra in a programme of music by English composers (928 8800)

THEATRE

This week's shows include The King and I starring Susan Hampshire (Sadler's Wells), What the *Butler Saw by Joe Orton* (Wyndham's), Dürrenmatt's The Visit (National), the Redgrave trio as Chekhov's Three Sisters (Queens), Pinter's The Homecoming directed by Peter Hall (Comedy) and Christopher Hampton's new play White Chameleon (National). Phone *Theatreline: Plays* 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ MUNICH

Staatsoper 19.30 Gala evening with Sylvie Guillem dancing Bolero, Evelyn Hart and Dinko Bogdanovic in Jiri Kylian's Nuages, Eugene *Fleming's tap-dance group from* New York and other guests, with soloists and ensemble of Bavarian State Ballet (221316)

Cuvilliés-Theater 19.30 *Wolf-Ferrari's* opera *Die* neugierigen Frauen (221316)

■ NEW YORK

MUSIC

Avery Fisher Hall 19.30 Zubin Mehta conducts New York Philharmonic Orchestra in symphonies by *Mozart* and Brahms, with Igor Oistrakh soloist in Prokofiev's Second Violin Concerto. Thurs, Fri and Sat: Maria Ewing sings Strauss' Four Last Songs (874 2424)

Metropolitan Opera 20.00 Fidelio with Elizabeth Connell as Leonore and Gary Lakes as Florestan. Tomorrow and Sun: Domingo sings in La bohème. Fri: *Pavarotti* sings in Luisa Miller (362 6000)

DANCE

New York State Theatre 20.00 New York City Ballet programme includes *Jerome Robbins' Mother* Goose, music by Ravel (870 5570)

THEATRE

This week's shows include Falsettoland, William Finn's musical featuring a *Bar Mitzvah* in the hospital room of a man dying of Aids (Lucille Lortel), John Guare's new play Six Degrees of *Separation (Lincoln Center)*, Stephen Sondheim's latest musical Assassins (Playwrights *Horizons*) and Shogun: The Musical, which includes an earthquake among *a string of spectacular effects* (Marquis). Ticketron (239 6200) answers inquiries and sells tickets

■ PARIS

MUSIC

Opéra Comique 19.30 Patrick Fournillier conducts Bizet's Pearl Fishers, also Sat (4286 8883)

Théâtre des Champs-Elysées 20.30 Valery Afanassiev plays Beethoven piano sonatas. Thurs: Georges Prêtre conducts Orchestre National de France (4720 3637)

Théâtre de la Ville *18.30* Gidon Kremer, Oleg Maisenberg and Mischa Maisky play Schubert's Piano Trio D898 and Schnittke's String Trio. Gidon Kremer and *friends give further programmes* each evening till Sat (4274 2277)

Salle Pleyel 20.30 Armin Jordan conducts Haydn's The Seasons with Ensemble Orchestral de Paris and soloists Charlotte Margiono, Hans-Peter Blochwitz and Gilles Cachemaille (4286 8883)

THEATRE

Comédie Française 20.30 Gildas Bourdet's new production of Moliere's Le Malade Imaginaire, also Fri (4366 4360)

Théâtre de la Ville 20.30 Calderon's The Wonder-Working Magician. Runs till Sat (4274 2277)

Théâtre des Bouffes du Nord 20.30 Peter Brook's production of The Tempest. Runs till March 2 (4607 3450)

■ ROME

Teatro dell'Opera 20.00 Rossini's *Ermione with a cast led by Chris* Merritt and Rockwell Blake. Also Fri and Sun (463641)

■ VIENNA

Staatsoper 19.00 Felicity Lott sings Arabella, with John Broecheler as Mandryka, also Fri. Tomorrow and Sat: Leontina Vaduva sings *Manon* (51444 2960)

Volksoper 19.30 Kalman's Die Zirkusprinzessin (51444 3318)

Telephone sales of tickets for the Staatsoper, Volksoper and Burgtheater are available worldwide for holders of credit cards by ringing Vienna 5131 513

Musikverein 19.30 Walter Klien plays piano music by Mozart. *Tomorrow: recital by Renata Scotto* (505 8190)

Konzerthaus 19.30 Pinchas Steinberg conducts Austrian Radio Symphony Orchestra in music by Gershwin and Bernstein, Tomorrow and Fri: Hans Zender conducts Ensemble Modern (7124 6860)

■ WASHINGTON

Kennedy Center Concert Hall 19.00 Mstislav Rostropovich conducts National Symphony Orchestra in music by Mahler, Wernick and Tchaikovsky. Fri: Mozart programme with Salzburg Mozarteum Orchestra conducted by Hans Graf (467 4600)

■ ZURICH

Opernhaus 19.30 Nikolaus Harnoncourt conducts Der Zigeunerbaron, also Thurs and Sun. Fri: *Elektra* (251 0909)

Schauspielhaus 20.00 Moliere's Le Misanthrope directed by Rudolf Noelte, also Thurs (251 1111)

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MONDAY TO FRIDAY

Eurosport

0600-0630 International Business report

CNN

0500-0530 Moneyline

0800-0830 Moneyline

1230-1300 CNN Market Watch

1330-1400 Business Day

2000-2030 World Business Tonight - a joint FT/CNN production with a review of the day's *major* business stories.

2300-2330 World Business Tonight

0100-0130 Moneyline

Superchannel

0700-0830 Financial Times Business Report

A five minute business brief*ing broadcast three times* between 0700 and 0800

2130 (Wed only) Financial Times Business Weekly - the latest business round-up.

SATURDAY

CNN

0800-0830 Moneyline

0900-0930 World Business Tonight - a joint FT/CNN production.

1540-1610 Moneyweek

1900-1930 World Business *This Week*

2110-2140 Your Money

SUNDAY

Superchannel

1800-1830 FT Business *Weekly*

CNN

0710-0740 Moneyweek

1540-1610 Your Money

1900-1940 Moneyweek

0040-0110 Inside Business

(Continued on the following page.)

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German shock for France

FOR FRANCE the rules of the economic game seem perverse. After seven years of tight monetary policy French inflation has fallen almost to German levels. Yet the franc is languishing almost at the bottom of the European exchange rate system, while interest rates are still above those in Germany. Does full economic convergence still elude France? Or is Germany passing part of the burden of unification on to France? The truth lies in between.

The inflation differential between France and Germany has fallen from over 7 percentage points in 1983 to less than 1 percentage point today, with the prospect of lower inflation in France than in Germany by the end of the year. This success was bought at the expense of a period of slow growth in living standards and persistent unemployment.

Yet France now seems an oasis of stability. Gross domestic product is expected to grow by about 2 per cent this year while a combination of moderately rising unemployment, falling vacancies and a slowdown in consumer spending will keep inflation low.

The combination of low and falling inflation with an inverted yield curve is evidence that French monetary policy is unnecessarily tight on domestic grounds. Yet interest rates in France remain high and may even have to be raised to prevent the franc from falling through its lower band within the ERM.

Why must French interest rates remain above those in Germany? Credibility is not yet complete. One reason is that convergence of inflation rates, including unit labour costs, does not prove that the French economy has adjusted fully. Only when French tradable goods are demonstrably competitive at prevailing nominal exchange rates will convergence be complete.

Lower inflation

In the early 1980s, particularly between 1983 and 1985, rising labour costs reduced export competitiveness and profitability. Unit labour costs have grown more slowly than in Germany in every year since 1985, restoring profits to international levels. But France has lost market share every year since 1983, while the OECD estimates that between 1985 and 1989 the manufacturing trade account deteriorated by 2.8 percentage points of GDP. A period of lower inflation in France than in Germany will be needed before export competitiveness is fully regained.

Conflicting objectives

Nevertheless, the main immediate reason for the conflict between domestic objectives and the level of interest rates needed to sustain the exchange rate against the D-Mark arises from the rise in German interest rates, following unification. The D-Mark had to appreciate in real terms, in order to shift resources out of the German current account surplus into the domestic economy. Thus German interest rates had to rise to attract German and foreign capital into Germany. But they have also risen to keep price and wage inflation in check.

The French authorities have an understandable desire to resist an upward realignment of the D-Mark. Such a realignment would undermine the credibility the franc has gained over the past three years. It would probably lead to higher, not lower, interest rates, as the perceived risk of future devaluations would rise. Even the discussion of realignment is costly to France.

Nevertheless, if the real appreciation of the D-Mark is not to occur via a realignment of the D-Mark, it must occur through lower inflation in France than in Germany. The French economy is being squeezed more than is necessary to reduce French inflation to German levels.

The weakness of the dollar has added to the strain, as has the recession in the UK. But it is the German budget deficit, which is keeping German interest rates higher than they need be, that puts the greatest strain on French monetary policy and political tolerance. The German government should put its fiscal house in order. The process of adjustment, in France and elsewhere, is difficult enough already, without the unneighbourly export of excessively high real interest rates from Germany.

Home loans in context

IS BRITAIN'S housing finance market too efficient? The question is not one that most Anglo-Saxon economists instinctively feel inclined to ask. Yet it needs to be raised in the light of a new comparative study on international housing finance from the Bank of England which confirms what most readers of this paper have known for a long time, namely that the decline in the personal sector savings ratios in Britain and the US in the 1980s owed a great deal to the liberalisation of housing finance.

Between 1982 and 1989, when the ratio of mortgage debt to gross national product in Germany was almost static at about 22 per cent, the British ratio rose in round figures from 32 per cent to 58 per cent, while the comparable rise in the US was from 33 per cent to 45 per cent. In other words, a shift from a system of credit rationing in which building societies and savings and loans were the dominant lending institutions to a more open market where loans were rationed by price rather than queue permitted large increases in the indebtedness of the household sector in these two countries. That increase was associated, especially in Britain, with a marked spurt in house price inflation. And in the US, where deregulation was introduced in order to encourage savings and loans to trade their way out of financial trouble, the outcome was a disaster whose cost could top $200bn.

Less borrowing

In contrast, the higher propensity to save in developed countries such as Germany, Japan, France and Italy reflects more restrictive arrangements that make it harder to buy a home without saving more in advance and borrowing smaller sums in relation to the value of the house. In none of these countries will banks or savings institutions advance 100 per cent of value, as was the case in Britain in the 1980s boom. And the risk of moral hazard inherent in deposit insurance, whereby depositors are tempted to place their money where the returns appear highest regardless of risk, is controlled in very un-British ways. The Germans go so far as to forbid any publicity about their insurance scheme, claiming that any announcement might reduce confidence in the banking system.

These differences in national home loan practice can be exaggerated. While it is true, as the Bank of England paper points out, that German mortgage banks are prevented by the authorities from lending more than 60 per cent of value, German borrowers frequently raise home loans in a package from two or three institutions, which helps raise the overall percentage above this figure. Barriers to entry to the home loan market are coming down in all the developed countries. And the process will accelerate in continental Europe as a result of the 1992 programme.

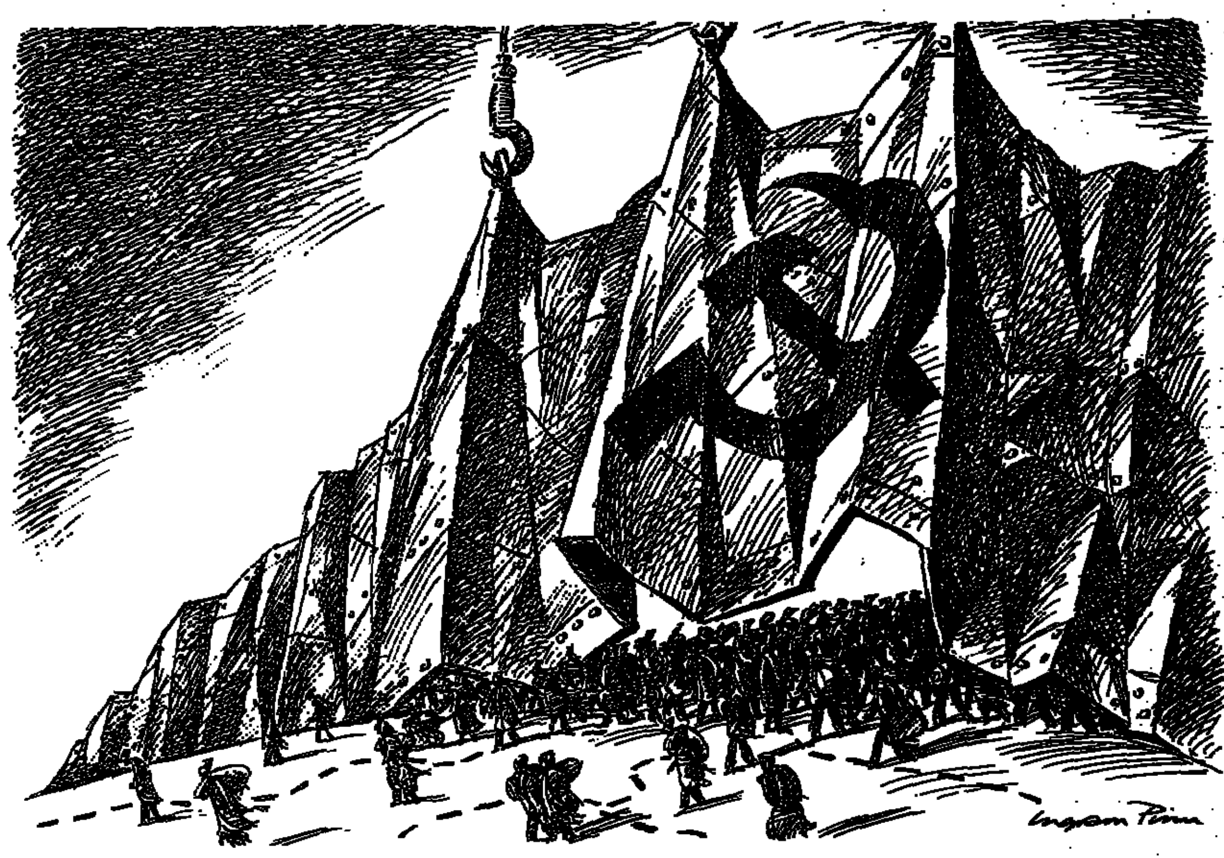
Clear divide

But for the moment there remains a clear divide between the Anglo-Saxons and the continental Europeans, which is reflected in their respective balance of payments surpluses and deficits, since ready access to housing collateral in the more liberal markets permits increased spending on imports. And the problem for the British government, when interest rates start to fall, is to know how much further the portfolio adjustment on the liabilities side of the personal sector's balance sheet has to go. Even within the constraints of the ERM it remains conceivable that the unused collateral in the housing market will be tapped again.

There is widespread scepticism in the financial markets about the feasibility of reintroducing credit controls on the asset side of the balance sheet. These in any case would be hard to reconcile with the general thrust of the 1992 programme. But a worthwhile longer-term goal might be to seek to prevent the worst excesses of the US deposit insurance system being replicated in Europe. There is a powerful case for the European Commission to put the harmonisation of European deposit insurance schemes firmly on the agenda. American-style deposit brokerage and arbitrage in pursuit of the most generous insurance cover could otherwise prove highly destabilising.

Judy Dempsey examines the prospect of mass emigration from the Soviet Union and eastern Europe and how the west would react

The long march westwards



As the Soviet Union descends into economic and political chaos, the spectre of vast numbers of its citizens emigrating westwards is haunting European governments and the US administration.

In late spring, many Soviet people may, indeed, win the right to leave, if a bill before the Soviet parliament becomes law. Even though the west need have no immediate worries – a six-month grace period will be in force for administrative and passport procedures – the prospect looms of up to 2m people a year flooding out of the stricken empire.

Last month, ministers met in Vienna at the Conference on the Movement of Persons coming from central and eastern European countries to discuss the implications of mass east-west migration and to consider western countries' responses.

Nobody knows how many from the Soviet Union will leave. Professor Vladimir Scherbakow, head of the Soviet delegation at the conference, organised by the Council of Europe, said surveys showed that between 5m and 6m people "are not satisfied with their present work or with their social conditions", and thus might consider emigration. But, he added, the real figure could be between 1.5m and 2m people each year for the next couple of years.

West European governments are daunted by the prospect of uncontrolled Soviet migration. Thousands of eastern Europeans could also head west. With the exception of those from Romania, few will be "refugees"; they will not be eligible for political asylum. Under the terms of the 1951 Geneva Convention, a refugee is defined as "any person who has a well-founded fear of being persecuted in his country of origin for reasons of race, religion, nationality, membership of a particular social group or political opinion".

In a paper presented to the conference, Mr Jean-Claude Chesnais, a French social demographer, explained what other factors could force people from the Soviet Union and eastern Europe to emigrate. "Ethnic tensions could lead to the emigration of scattered minorities," he wrote. These include 1.5m Soviet Jews, 3m ethnic Germans from the Soviet Union and eastern Europe, and 3.5m Armenians in the Soviet Union.

Over time, they could be absorbed by Israel, the US and Canada; but not the 700,000 ethnic Turks in Bulgaria, or the 2m ethnic Hungarians in Romania whose status in these countries remains precarious.

Mr Chesnais is not suggesting that these ethnic groups will succeed in migrating en masse to western countries. Even if they wanted to, in many cases western governments would demand a combination of entry visas, proof of hard currency, work permits and invitations. He is simply warning western governments of the possibility, particularly from those countries which become politically unstable.

But in many respects it failed to draw up a framework for tackling emigration. In a bland communiqué, participants agreed to consider developing policies aimed at controlling migration, co-ordinating efforts at keeping in their own countries would-be migrants, and curbing those illegal immigrants travelling in the guise of tourists who end up working in the black economy of the country they visit. The communiqué – and the conference – disabused officials from eastern Europe of any notion that western governments would welcome the lifting of the iron curtain by throwing open its borders.

What most concerns western governments is the impact poor economic prospects and rising unemployment in eastern Europe and the Soviet Union will have on migration. Mr Chesnais reckons that if the Soviet Union starts shifting resources away from military-related industry to civilian purposes, unemployment will rise. At present, more than 18m people work in the defence industry. A Soviet official told the UN's International Labour Office last year that the introduction of any radical economic reforms, pace Poland, could lead to short-term unemployment of between 35m and 40m people. Between 1m and 1.5m Soviet citizens would try to emigrate in the foreseeable future, he said.

So far, economic reforms in eastern Europe have not led to large-scale unemployment. However, Mr Chesnais believes that by 1995, unemployment in Poland could reach 5m. Mr Gyula Kiss, Hungary's labour minister, recently said unemployment this year could rise to 200,000, or 4.5 per cent of the labour force. Mr Vaclav Klaus, the Czechoslovak finance minister, predicted that unemployment would rise to 7 per cent, or about 300,000. In Romania, estimates range between 100,000 and 200,000. These governments are ill-equipped to deal with joblessness. There is a real risk of a brain drain.

This horrifies the new democratic governments. They want the talent, and the younger generation, to remain at home so that it can form the backbone of the newly-emerging political, economic and social elites.

Mr Marek Okolski is a professor of demography at Warsaw university. In studies presented to the Council of Europe, he shows that among 398,000 people of working age who emigrated from Poland between 1983 and 1987, 15 per cent had completed post-secondary education. "The size of that category of emigrants (59,600) was almost identical to the average annual number of university graduates in the 1980s; it was even higher for physicians and engineers," he says.

Bulgaria is also facing a brain drain. Between January and June 1990, about 45,000 people with higher education failed to return from trips abroad. "Most of my university friends have left," said Ms Teodora Stoichova, a professional interpreter. "Many are doctors. Many are outstaying their tourist visas. They have not found jobs in the west. Instead, they are working in restaurants or in hotels. They just want to escape for a few months from the misery here."

In Romania, more than 100,000 ethnic Germans, the backbone of the crafts, entrepreneurial and agricultural sector, had already emigrated to Germany between January and September 1990; 35,345 had applied for political asylum in Germany.

Since 1987, more than 1m people have emigrated from the Soviet Union, many of them ethnic Germans and Jews who have been absorbed by Germany or Israel. Curiously, the Soviet authorities, despite the intellectual and economic potential of these two groups, have not pleaded for them to stay or come back.

In contrast, those Hungarians and Czechoslovaks who travel return home. Both countries are comparatively stable and neither has been saddled with Poland's austerity economic reforms. They also have decent human rights records. For these reasons, western governments have tended to adopt different travel regulations towards the various eastern European countries. Poles resent this.

"Austria, Britain, Ireland and other countries have lifted all visa requirements for Hungarians and Czechoslovaks. Just before the Austrian elections last October, the government re-imposed visas for Poles and Romanians. These are discriminatory measures," said a Polish diplomat. UK and Austrian diplomats reject criticisms for continuing visa requirements.

"The Poles come here as tourists, but they stay for many weeks and work in the black economy," said one British Home Office official.

Austria's image as a safe haven for refugees was dented in last October's parliamentary elections when immigration became an election issue. The rise in xenophobia forced the Austrian government to dispatch troops to guard its eastern frontiers with Hungary through which Romanians attempt to travel to the west. Troops were also sent to the border with Yugoslavia for fear of large migrations if violence between Croats and Serbs spilled into civil war.

The governments of eastern Europe have a dilemma. If they introduce radical economic reforms and speed up privatisation, unemployment will increase; there will be a time lag before employment opportunities are created. In the interim, workers' unrest and social discontent cannot be ruled out; the pressure to emigrate will rise. If governments do not press ahead with reforms, their economies will remain under-developed.

The International Organisation for Migration, an inter-governmental body based in Geneva, has suggested ways of coping with this dilemma, as well as discouraging migration and irregular migration – travelling as a tourist, outstaying one's visit and working in the black economy. In a report submitted to the Vienna conference, it suggested that those wishing to emigrate should be informed of the employment conditions in the receiving countries.

"There are exaggerated expectations, and even fantasies about the west," says Mr Bimal Ghosh, a consultant at the IOM. "The general public in the countries of eastern Europe should be informed about the problems of social integration as well as restrictions on employment," he says. Would-be migrants, he adds, have little information about job opportunities, costs of living, or housing and social conditions. He recommends the development of an information programme accessible to the general public through the media.

Mr Ghosh admits that irregular migration cannot be stemmed in the short term, but should be addressed by western governments. "This kind of migration often involves labour exploitation and extortion, illegal trafficking, declining standards of business ethics and could even lead to a spiralling of migrants."

Conversely, some western governments tend to select immigrants on the basis of their own labour market. Immigration officials in Canada and Australia, for instance, work on the principle of "selection". "We consider each individual case, regardless of the country of origin. We have to make sure there are jobs for them and that they can integrate," explained a Canadian immigration official. With the exception of the US, few countries have quotas. However, this process of selection amounts to a quota system which is biased towards the skilled and encourages a brain drain.

However, Germany, which shares borders with Czechoslovakia and Poland, and is, like Austria, vulnerable to large migration flows, has gone the furthest of all western governments towards adopting longer-term policies towards immigration. This is in spite of its large communities of Turks (1.6m), Yugoslavs (610,000), the task of integrating the eastern German population of 16m, and last year's influx of 397,000 ethnic Germans. Over the past two years:

- Bonn has set up "guest worker agreements" between Hungary and Poland. Under these 1,000 Poles and 600 Hungarians can be employed for up to 18 months. It is about to sign similar agreements with Czechoslovakia and the Soviet Union.
- Since September 1990, workers from Czechoslovakia can acquire work permits for jobs in the *Landkreise* – the border areas between both countries – provided residence is maintained in Czechoslovakia. This system is expected to be extended to the German-Polish border.
- Foreign companies are allowed to employ their own personnel in Germany. The upper limit for the employment of foreigner has been increased to 70,000. Some 35,000 workers from the countries of eastern Europe are employed under such contracts.

East European diplomats are not convinced these policies will be adopted by other western European countries. The Hungarian government, for example, has been seeking such agreements, so far unsuccessfully, with neighbouring Austria.

Government officials from eastern Europe also believe that the move towards the single European market, which will be in place in 1992, and attempts by the EC member states to harmonise policies for free movement of people within the EC, could make travel and the possibility of work by east Europeans in EC countries more difficult. It could also delay the integration of the two Europes.

OBSERVER

Protesting too much

■ British Telecom may insist that its increasingly public punch-ups first with its official regulator and now with well known economists are all part of an interesting debate on the future of British telecommunications policy. But they still suggest naïvety on the part of a rather insular giant after six years in the private sector.

There is no doubt that British Telecom's future will turn on the outcome of the duopoly review, and there is considerable sympathy with its criticism of governmental proposals. However, its response – especially the heavy-handed threat to pursue the matter all the way to the Monopolies and Mergers Commission – is a high-risk strategy that is raising eyebrows in the City.

If BT feels so strongly, surely it should be waging an equally high-profile campaign to persuade its customers that they are getting wonderful services? With enough fat left for mere cost-cutting to ensure good profits for years to come, BT does not seem to be defending its patch with the subtlety one might expect from a highly professional multinational.

One flaw in its organisation is that 47-year-old Iain Vallance, a career BT man, is both chairman and chief executive. The sooner the job is split in two the better.

Despite its many faults, British Airways is an ideal role model. While Lord King terrorises the politicians, Sir Colin Marshall runs the shop.

No kidding

■ Who says facsimile machines have made communications easier? An august New York law firm has just sent a colleague a fax prefaced by the following statement:

"The information contained in this facsimile transmittal is intended only for the personal and confidential use of the designated recipient named above.

"This transmittal may be a confidential attorney-client communication or may otherwise be privileged and confidential. If the reader of this transmittal is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this transmittal in error, and that any review, dissemination, distribution or copying of this transmittal is strictly prohibited. If you have received this in error, please notify us immediately by telephone (call us collect) and return the original transmittal to us by mail.

"Thank you."

Matey

■ Top Anglo-German relationships have certainly lost their formal chill since the departure of Margaret Thatcher, whose self-righteousness drove some of Helmut Kohl's officials almost to distraction.

Wreathed in smiles, Kohl emerged from his meeting with the UK prime minister in Bonn to announce that he had accepted John Major's invitation to spend a weekend with him in England in the summer. Meanwhile Major was openly addressing the German leader as "Chancellor Helmut."

Tractor drivers'

■ It is not completely unknown for an outsider to jump the queue for the presidency of Britain's National Farmers Union. Nevertheless, it would be a great surprise if David Naish, the NFU deputy president, did not replace Sir Simon Gourlay as president of one of the country's most powerful lobbying groups after tomorrow's closed meeting of the NFU council.

"I need a yard of khaki for making rosettes."

The NFU elects its leaders in much the same way as the Tory party. They emerge. But though seniority is the most important criterion, the choice of Naish's replacement as deputy president, and the vice president, are less assured this time. Christopher French, currently NFU vice president is the obvious frontrunner. But Ben Gill and Tony Pexton are also jockeying for position, which might say something about the stresses and strains in an industry undergoing its worst recession in more than 50 years.

In some respects, the 51-year old Naish is an ideal candidate. The nephew of the first Lord Netherthorpe, a revered figure in NFU history, Naish is more gregarious than the outgoing president. He knows the City well and has clear opinions of his own.

Gourlay, who has headed the NFU for the last five years, has shown that the union's responsibilities are far wider than just fighting for higher prices for an industry heavily dependent on Government support. Naish will need to prove early on, as Gourlay did, that he does not suffer from the tunnel vision which afflicts so many of his constituency.

Non-specific

■ Seeking investment advice? Anyone going to London's Home Buying and Finance Show at Earl's Court in April will be able to get same from no less than the Securities and Investments Board itself. It is exhibiting jointly with the Consumers' Association to advise on home and investment matters.

There is, however, a small snag. The board, although the overall financial services regulatory body, is not authorised to advise, handle or deal in investments. Neither is any member of its staff. So it will be confined to giving only generic advice at the show, specific recommendations being proscribed.

That is not seen as a handicap by the board's spokeswoman, who says the show activity will be part of its campaign to increase public awareness of the things to be kept in mind and the questions to ask investment advisers before a decision is made. "We want to tell people how to keep the money sharks at bay."

Nevertheless, the board's presence at the show could well attract numerous people to go to it for help with their particular investment quandaries, only to be sent away with a dusty answer at best.

Jones boys

■ Keeping up with the Joneses is becoming increasingly difficult in Wales these days. Presenting a Welsh Language Board report in Cardiff yesterday the chairman John Elfed Jones sat next to his director John Walter Jones. Huw Onllwyn Jones was secretary to the committee while Ron Jones and Geraint Jones were in the background. The Evanses and Williamses were quite outnumbered.

FOREIGN AFFAIRS

Unclear war goals cloud peace aims

Robert Mauthner on the devious verbiage surrounding the allies' stated objectives in the Gulf

With commendable foresight, the leaders of the western members of the Gulf coalition are devoting almost as much time to pronouncements on their peace aims as to explanations of their war aims, though the war is far from over. The reason, perhaps, is that it is easier to be honest about the former than about the latter, which continue to be enveloped in a cloud of devious verbiage.

Mr James Baker, the US secretary of state, and Mr Douglas Hurd, his British counterpart, have bent over backwards to dispel any impression that their governments might stray beyond the authority with which they have been invested by United Nations Security Council resolution 678.

That and other UN resolutions call upon members of the coalition to use "all necessary means" to obtain the withdrawal of Iraq from Kuwait, to restore its legitimate government and to ensure peace, stability and security in the region. Washington and London have allowed themselves some interpretative licence by stating that this wording not only allows them to use military force, but necessarily implies "the destruction of Saddam Hussein's war machine".

For the rest, however, we have been presented mainly with a catalogue of negative war aims. Iraq will not be dismembered and its borders will not be called into question. The coalition is not conducting a vendetta against the Iraqi people and is trying hard to minimise civilian casualties. It will not impose upon the Iraqis a particular type of government.

Yet no one has dared to proclaim in public what most think and say in private, namely that one of the principal war aims has to be the overthrow of President Saddam Hussein and his regime, if peace and stability are to prevail in the region. The nearest to an honest admission that this is, at the least, the desired outcome of the war, have been Mr John Major's and President George Bush's remarks that they would not "shed any tears" if Mr Saddam were to be removed or disappear.

From a purely diplomatic point of view, the lack of precision on the part of the US and British governments in setting out their war aims is understandable. They do not want to forfeit the vital support of their Arab allies such as Saudi Arabia, Syria and Egypt, traditionally suspicious of US and British motives and intentions, or the Soviet Union, whose co-operative policy in the security council has been crucial in allowing the military operation to take place under a United Nations' umbrella.

Nor do they want to add fuel to the fire of public opinion in large areas of the Islamic world, which already sees western military intervention on behalf of Kuwait and Saudi Arabia as no more than a convenient cover for neo-colonialist ambitions and designs.

However, the trouble with not clarifying one's war aims is that it tends to make a nonsense of one's peace aims. Many of the post-conflict objectives set out by Mr Baker in his testimony to the House of Representatives Foreign Affairs committee last week and by Mr Hurd in various public statements, would be extremely difficult, if not impossible, to attain if Mr Saddam remained in power and his forces were pulled back only to the Iraq-Kuwait border.

No one has dared to proclaim in public what most say in private, namely that one of the principal war aims has to be the overthrow of Saddam Hussein, if peace and stability are to prevail in the region

If that were to be the only result of the war, and even if only a part of Iraq's huge military forces survived the aerial bombardment to which they are now being subjected, prospects for creating a regional security system embracing Iraq would disappear. As long as the political menace of Mr Saddam was not eradicated, any realistic regional security system would look more like a continuation of the present US-dominated coalition against Iraq than a wider Arab-led enterprise, possibly under UN auspices. Promises by the US and Britain that the liberation of Kuwait would be followed by an early withdrawal of their ground forces from the Arabian peninsula could not be honoured in such circumstances without risking the outbreak of fresh conflicts.

The achievement of the second main peace aim – regional arms control covering both conventional arms and chemical and nuclear weapons – would also fall by the wayside if the present Iraqi regime and its leader survived the war. The arms build-up in the region is a permanent threat to peace and stability in the Middle East as the Iran-Iraq war and the Iraqi invasion of Kuwait have demonstrated only too clearly. Iraq, with its 5,000 tanks, 800 combat aircraft and 1m-strong army at the start of the war, and defence spending of at least 25 per cent of gross domestic product, no doubt headed the Middle East military league, at least in quantitative terms. But Saudi Arabia, Syria, Israel and Egypt are not far behind. Indeed, as Mr Baker emphasised in his testimony, as many as five Middle Eastern countries have more battle tanks than France or the UK.

Yet it is hardly conceivable that Mr Saddam, particularly after all the losses and destruction suffered by his military forces, would participate voluntarily in a regional arms control pact, which would further undermine his already greatly diminished capacity to pursue nationalist dreams. By the same token, it is most unlikely that other states in the region and the Middle East as a whole – Saudi Arabia, the Gulf emirates, Syria, Iran, Egypt, to say nothing of Israel – would agree to disarm while one of their arch-enemies, though seriously wounded, was still in place.

Nor would new plans for so-called "supply-side arms control" – agreed export restraints by the main arms suppliers – stand much chance of success at a time when client states still considered themselves threatened by traditional enemies and their protectors felt obliged to help them. Would the US ever agree to halt its arms sales to Israel as long as Mr Saddam was still in a political position to threaten its long-term security?

As the superpower relationship over the past decade or so has shown, arms control works only when it is based on political détente, not vice versa. It was the "new thinking" of Mr Mikhail Gorbachev and his former foreign minister Mr Eduard Shevardnadze which opened the way to nuclear missile and conventional arms agreements in Europe. Those agreements would not have been possible at the height of the cold war.

The same is certainly true for the Middle East, though it will doubtless prove to be even more difficult to create the necessary climate of mutual trust in that tortured region than it was between the US and the Soviet Union in Europe. Quite apart from the festering Arab-Israeli problem, which on its own is largely responsible for the high level of armaments in the region, countries such as Syria, Saudi Arabia and Iran have also considered it necessary to arm themselves against the potential threat from Iraq – or, indeed, each other. There has always been the hope that a comprehensive military and political defeat of the Iraqi dictator would at least start to unravel some of this Gordian knot and open up some avenues to regional peace and security which were previously closed.

If, however, Mr Saddam is allowed to survive politically and is given the opportunity by the coalition partners to withdraw a substantial part of his ground forces behind his own borders, no fundamental problems will have been solved. Though Kuwait will have been liberated, its independence will continue to be threatened. The Gulf region will remain a powder-keg, the world's oil supplies will continue to be threatened and today's high-minded peace aims will prove to be no more than pie in the sky.

Richard Tomkins looks at the government's latest initiative to expose more of Britain's ports to the discipline of market forces

Sea breeze of change

These are testing times for Britain's ports. Decades of stagnation are being brought to an end by a combination of deregulation and privatisation. Suddenly, the winds of competition are blowing around the dock gates.

One indicator of the changes taking place is the Ports Bill now before parliament, which paves the way for the privatisation of some of the biggest public-sector ports such as Tilbury, Dover and Medway.

This is the latest government measure aimed at opening the industry to market forces. Importers, exporters and the UK economy should all gain from cheaper rates and better service.

The changes, however, could come at the cost of the more vulnerable UK ports, some of which seem likely to be lost in the ensuing shake-out.

There are about 300 British ports. They range in size from fishing harbours such as Mevagissey in Cornwall to commercial docks such as Tilbury on the Thames estuary.

Until recently, privately-owned ports were as rare in Britain as they are in the rest of the world. Most were owned by the state, by local councils, or by self-governing trusts set up under individual acts of parliament – the trust ports.

The first step towards deregulation came in 1983 when the government divested itself of Associated British Ports. That took 19 large ports, including Southampton, Hull and Plymouth into the private sector.

In July 1989, the Dock Labour Scheme – which guaranteed employment for trade union members – was abolished. This swept away restrictive practices on the waterfront and opened the path to startling leaps in productivity.

With the Ports Bill, the government is providing for the privatisation of the 111 trust ports, 11 of which are among Britain's 20 busiest.

Tees & Hartlepool in Cleveland – a trust port, and Britain's biggest after Tilbury – is one which has undergone a transformation since the abolition of the Dock Labour Scheme. Where once it employed 445 registered dockers, it now handles similar tonnages with a flexible workforce of 120, supplemented by contract labour.

Mr Neville Britton, docks director, says productivity and competitiveness have soared since the scheme's abolition.

"Previously," says Mr Britton, "running the docks was above all an industrial relations problem. Most of the time was spent arguing with dockers: management consisted mainly of attempting to manage people who were almost unmanageable.

"Now, running the docks is about organising work, getting the best productivity and managing people, equipment and facilities. It has put management on its mettle, because if any port doesn't do as well as its competitors, it doesn't have the scheme to hide behind."

Significantly, freedom from restrictive practices is bringing work back to Tees & Hartlepool. Three private companies have opened wharves there in the last 18 months, and the port authority itself has reopened a small general cargo wharf which closed in 1980.

With the scheme gone, Tees & Hartlepool's main frustration is its status as a trust port. Consistently profitable over the years, it has a cash surplus of about £25m, but it is prevented by its status from investing in anything other than the port itself.

Privatisation will bring freedoms which Tees & Hartlepool intends to exploit. It plans to take on property development as a sideline by releasing the potential of disused land on the periphery of its estate; widen its scope by becoming a fully-fledged transport operator, with road haulage and distribution activities to complement its cargo-handling operations; and diversify geographically by acquiring wharves, docks or ports elsewhere in the UK.

Tees & Hartlepool is neither the first nor the only port to set its sights on expansion. Associated British Ports has already set the trend by buying three ports since privatisation and diversifying into transport and property development. Others have similar plans.

The catch is that the ports industry, long burdened by overcapacity, will be unable to accommodate these aspirations unless some locations grow at the expense of others. Rationalisation therefore appears inevitable.

Few in the industry believe there are going to be mass closures – at least, not yet. More likely are changes of ownership, particularly as the larger trust ports come to the market.

Some of these trust ports are likely to be bought by their managements, but since the government is planning to insist on competitive bidding as they come up for sale, it is possible that others will be snapped up by rivals or by their principal users.

Dover, for example, is likely to be seen as a particularly enticing target by cross-channel ferry operators such as P&O and Sealink, which would like to look after their passengers at the beginning and end of the journeys as well as during the Channel crossing.

Specialisation is also likely to feature in the new regime. Instead of attempting to compete across the spectrum, ports will tend to build up expertise in particular types of cargo such as cars, coal, containers, or fresh fruit.

Some ports do, however, look vulnerable. Foremost among them are those which prospered by being being outside the Dock Labour Scheme, but which now face competition on equal terms.

ABP reckons its Humber ports have already taken back half the trade from the non-scheme private wharves which prospered up-river along the Trent: and Felixstowe, which also benefited by being outside the scheme, will have to fight hard to maintain its competitive position.

Beyond that, there could be scope for a thinning out of ports where they are particularly heavily concentrated. If cut-throat competition breaks out between, say, Ipswich, Felixstowe, Tilbury, the Isle of Grain and Medway, a private-sector owner of Ipswich might conclude that property development would give a better return on the port's land assets than cargo handling.

Tees & Hartlepool's Mr Britton, however, is one member of the industry who believes that rationalisation will not stop there.

"Only the fittest are going to come out of this," he declares, "and a shake-out will do the industry no harm whatsoever". The Dock Labour Scheme was an incredible constraint on the ports: but with that gone, it will be quality of management that will mean success or failure for a port – and some are going to fail, I am sure of that."

LETTERS

Cautionary note on pension pledges

From T S Shucksmith.

Sir, Once again Barry Riley in his article on company pension provision ("No escape from age of uncertainty", February 2) moves the debate on to a higher plane than most commentators and makes some incisive comments.

For instance, he points out that there is likely to be a sharp polarisation between final salary schemes sponsored by some large companies and money purchase schemes.

However, while he highlights the current legal uncertainties, particularly with regard to sex discrimination, he could have given greater emphasis to longer-term financial uncertainties for employers and employees.

One man's certainty is another man's risk. While the best estimate of the cost of expected pension increases equivalent to limited price indexation (LPI) may be the same as for guaranteed increases at that rate, the risk most certainly is not.

Directors of companies sponsoring final salary schemes with greatly heightened guarantees should be giving serious consideration to the risks involved. Engineers set tolerances on measurements and these are often critical to the proper functioning of machinery.

Directors should ask their actuaries to estimate ranges of inaccuracy for their precisely estimated contribution rates and past service reserves. Pensions managers will be reluctant to ask their actuaries the question. Directors may have to think for themselves. They should not allow the momentum of their final salary schemes to carry them into dangerous waters without first having assessed the risks. More importantly, an intermediate position between the sharply polarised alternatives created by the 1990 Social Security Act should be available. The government should make possible a more equal distribution of risks and guarantees.

T S Shucksmith,
Shucksmith & Co,
Lincoln House,
Nutley Lane,
Reigate, Surrey

Savings boost

From Mr Philip Warland.

Sir, Edward Ball's article, ("Major promotes savings graces," January 14) set out clearly that the UK government is moving towards a regime of positive discrimination towards personal savings. There is one very easy way to move further in this direction.

In 1989, over 40 per cent of investments in Peps were via unit trusts. Members of the Unit Trust Association tell us that about three-quarters of those funds were in unit-only Peps – suggesting both that many savers are wary of choosing their own portfolio, whatever the tax advantage, and prefer to gain professional management via the unit trust route.

Thus, if the government were to allow a Pep to be invested 100 per cent in unit trusts, savings in Peps would rise substantially.

If the government is serious about savings, it is the route it must take.

Philip Warland,
Unit Trust Association,
65 Kingsway, London WC2

Stock Exchange trading rules

From Mr Michael Josephs.

Sir, Mr Stanley Ross (Letters, February 7) blames "the bureaucracy" for interfering with the trading rules of the International Stock Exchange.

He implies that the rules should be set exclusively by the traders. Are we to understand that there are no possible conflicts between the needs of investors, intermediaries and own-account traders?

On the contrary, changes in the trading rules may affect all market users, but their effects are very subtle, and frequently not anticipated.

Indeed, the present arrangements for testing trading rules amount to vivisection practised on the tender body of the working market. We only discover the real implications of new rules after many months or years of working under them. The fault lies not with the bureaucracy, but with the tools that have been available to them.

Recent developments in the "modelling" of markets enable new rules to be "proof-tested" in an extremely realistic and detailed fashion without risking traders' capital or level of service to the investor.

The impact on traders' profitability and on quality of markets can be assessed with considerable confidence for a range of market conditions. These techniques will totally alter the way financial markets are run. However, it would be naive to think that the advent of such objective evidence will please everyone!

Michael Josephs,
City Point
Bellside House
4 Elthorne Road
Archway, London N19

Timely reminder

From Dr Stephen Castell.

Sir, Peter Martin's T-Shirt slogan "Banks: who needs them?" (February 5) was a timely reminder of an analysis that, I think, has stood for some time.

Would he please carry out the same analysis of the UK banking situation?

And would it come to the same conclusions ?

I suspect so. Perhaps the UK, too, deserves a banking reform which will "encourage the creation of new state-chartered local business finance institutions . . ." Real businessmen deserve real businessmen as their bankers. Will anyone help found "The Business Bank"?

Stephen Castell,
Castell Computer and
Systems Telecommunications,
20, Grange Road,
Witham, Essex.

Closing the gap

From Mr John Whitehead.

Sir, David Lascelles ("Profit and loss in London's banking centre", February 7) says that there is in London "a growing sense that the economic centre of the EC is shifting towards the Continent".

If he is right, we must, I suppose, be grateful that the perceptions of the Little Englanders may finally be catching up with reality. But when will they succeed in closing the gap? Not before the end of 1992, one suspects.

John Whitehead,
16 Winslow Road,
Great Horwood,
Milton Keynes

What causes woes for big public relations firms

From Mr Richard Weissenberg.

Sir, The article "Grim picture for the image-makers" (Financial Times, February 2) gives a good outline of some of the macroeconomic pressures on public relations firms.

However, it draws imprecise conclusions from the performance of certain companies, and gives bad advice to unemployed PR executives.

The woes of big PR firms are generally caused by an over-dependence on clients in volatile businesses like retail, property and financial services. This is not quite the same thing as "over-ambitious expansion". Firms in the business-to-business and public service sectors are holding up fairly well (so far), no matter how fast they grew in the 1980s. I also suggest that Mr Burgess' company was a strange example to include. Its demise exhibits symptoms which seem related mainly to the firm's financial control and contractual procedures. And its chief seems to attach unusual importance to time spent in restaurants.

Let's now turn to the bad advice: it does not cost "next to nothing" to set up a PR consultancy. You need working capital: probably 10 per cent to 20 per cent of forecast turnover. Attempting to start an undercapitalised business will add to an unemployed executive's woes. The other standard caveats about starting a business also apply to PR.

Richard Weissenberg,
Magnum Opus Communications, Wellington House,
Wellington Road,
Woking, Surrey.

Fax service

Letters to the Editor may be faxed on 071-873 5938.

Letters should be clearly typed; and the fax machine set for fine resolution. Readers with an electronic mail service can use that for a direct computer-to-computer link, but should first telephone our computer department on 071-873 4893.

(Continued on the following page.)

FINANCIAL TIMES
Tuesday February 12 1991

MANDELA TRIAL

Prosecution witness kidnapped, court told

By Patti Waldmeir in Johannesburg

THE TRIAL of Mrs Winnie Mandela, wife of Mr Nelson Mandela, deputy president of the African National Congress (ANC), was adjourned yesterday after the court was told a key prosecution witness had been kidnapped.

The alleged kidnapping raised doubts over whether the state could proceed with its case against Mrs Mandela who is charged with four counts of kidnapping and four of assault with intent to commit grievous bodily harm.

Mr Jan Swanepoel, prosecution counsel, told the court that the kidnapping of Mr Gabriel Pelo Mekgwe "will obviously intimidate other witnesses".

"I cannot simply proceed and have my witnesses come in here if their lives are in danger," he said, and asked the judge to adjourn the case until this morning to allow police to investigate.

The case against Mrs Mandela and seven co-accused has been seriously hampered by a number of factors. Four of the co-accused, whose testimony was expected to be crucial, jumped bail and have so far failed to show up for the trial.

However, to add an element of farce to the proceedings, one of the fugitives accused, Mr Katiza Cebekhulu, turned up outside the court last week, apparently unconcerned by the presence of dozens of policemen. He was photographed by the Johannesburg Sunday Times newspaper and quoted as saying: "I wanted to hear the trial. I just wanted to see what was going on."

The disappearance of the four co-accused undoubtedly hampered the case. However, yesterday's disappearance of Mr Mekgwe, said by the prosecution to be one of the victims of the kidnap and assault, must seriously impede it. Mr Mekgwe's alleged kidnapping may, as pointed out by prosecution counsel, intimidate other state witnesses. The impartiality of two of them had already been called into question when it was discovered that they had recently been employed by the ANC.

Another potential witness, Dr Abu Bakar Asvat, was murdered shortly after the events which gave rise to the charges against Mrs Mandela. Before the adjournment, Mrs Mandela had pleaded not guilty to the charges, which arise from the abduction in late 1988 of four youths by members of Mrs Mandela's bodyguard, the so-called "Mandela United Football Club".

One of the boys, Stompie Seipei, was later found with his throat slit in a Soweto ditch. The club's coach, Jerry Richardson, was sentenced to death for Seipei's murder.

It has been alleged that Mrs Mandela was present when the four youths were assaulted at her Soweto home. Yesterday, Mrs Mandela claimed she was away at the time.

● At least 17 people were killed and 11 injured when gunmen ambushed two buses and a pick-up truck in Natal province, in a renewed outbreak of fighting between the ANC and the Zulu Inkatha Freedom party.

UN leader is left out in the cold

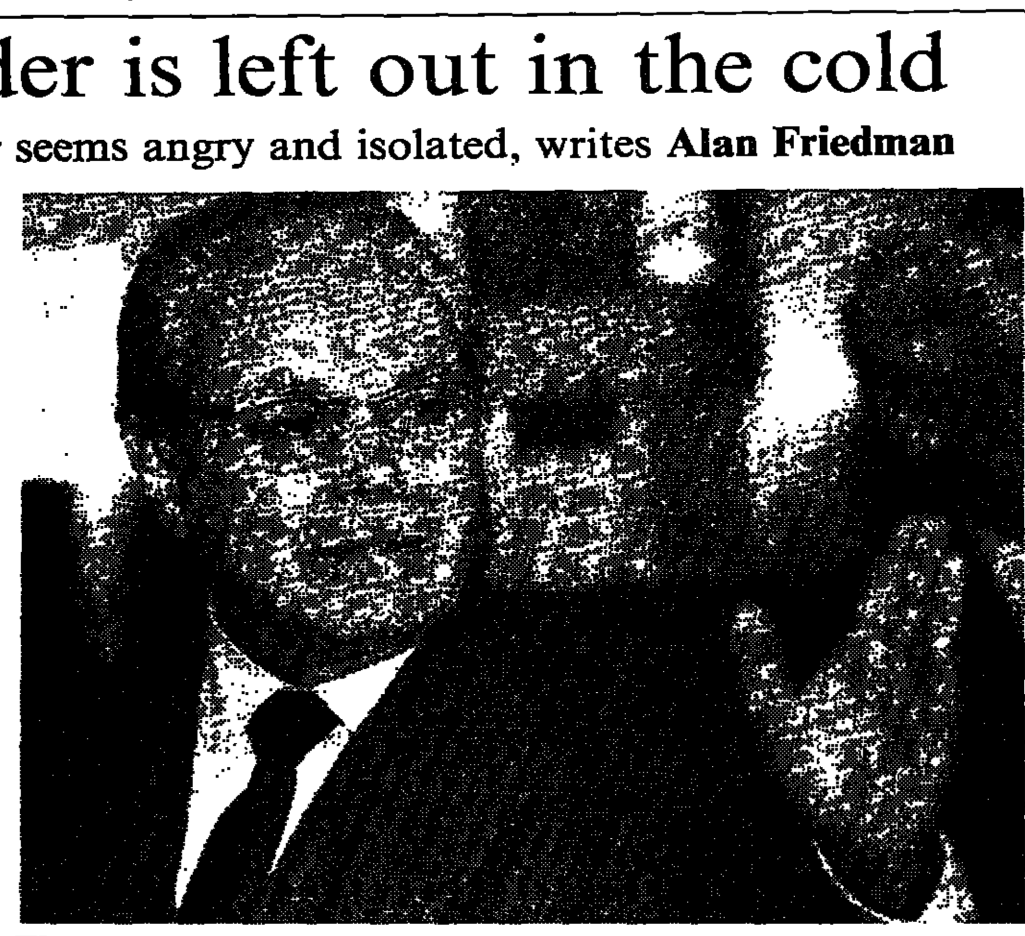
Pérez de Cuéllar seems angry and isolated, writes Alan Friedman

THE United Nations secretary-general looks a most unhappy man.

While allied generals, defence ministers and heads of state debate the timing of a ground war in the Gulf and Iraqi president Saddam Hussein plots strategy, Mr Javier Pérez de Cuéllar sits in his 38th floor office at UN headquarters, a lonely and frustrated figure.

The Peruvian-born UN chief seems both tired and angry. He has spoken by telephone with US president George Bush a few times and he gets occasional briefings from Mr Tom Pickering, the US career diplomat who serves as ambassador to the UN.

For the most part, however, he spends his time worrying about civilian casualties, receiving emissaries and presiding over informal Security Council meetings. It is at these consultations that the US and other coalition ambassadors repeatedly beat back efforts by North African and other self-styled peacemakers who have been seeking an open session to negotiate a "pause for peace".



UN secretary-general Ja r Pérez de Cuéllar: isolated and outside the information loop

In the vernacular of US policy makers, Mr Pérez de Cuéllar is "isolated and outside the information loop". The same US officials describe their current mission at the UN as "holding the line" against a variety of impromptu ceasefire proposals.

The peace talk at the UN has come largely from representatives of the Mahgreb states and from Iran's delegation. But their proposals are considered non-starters by the coalition governments and by Mr Pérez de Cuéllar himself.

"The North Africans don't really have any new ideas," one leading western diplomat said. "But they want to make speeches in open session so that these can be replayed to domestic audiences back home, especially in those countries where public protests have taken place".

The behind-the-scenes diplomatic activity by Iran is a different matter. The offer by President Ali Akbar Hashemi Rafsanjani to mediate between Baghdad and Washington was downplayed, but not ignored by the US.

Washington considers Iran's consultations, which have included Iraq, Kuwait and Saudi Arabia, to be a reasonable avenue of back-channel diplomacy as long as Iraq's unconditional withdrawal from Kuwait remains Tehran's *sine qua non* for further talks.

Iran itself is seen as the only sure political winner of the Gulf conflict: the military capacity of its "eternal rival" is being damaged systematically.

If Mr Saddam, who first waged war on Iran in 1980, is eventually toppled or killed, this could only benefit Iran. In any case the more reasonable and constructive the Iranians appear to be, the more plausible will be their claim to a seat at the post-war negotiating table.

Mr Pérez de Cuéllar does not agree with the reluctance of some to allow for mediation.

"The UN resolution says all appropriate measures should be taken to force Iraq out of Kuwait. This includes enforcement by military means, but does not exclude diplomacy."

Negotiations, says the UN secretary-general, "are indispensable, even while the fighting continues".

The problem of interpreting what UN resolutions actually permit is tied to the growing discussion about defining the US-led coalition's war aims. Many diplomats say the removal of Mr Saddam is Washington's hidden "bottom line".

Moreover, debate is growing over what to do if Iraq is forced militarily from Kuwait, but Mr Saddam remains in power.

Mr Pérez de Cuéllar is less than clear on this eventuality. He says he is planning for some kind of post-war UN peacekeeping role in the region and maintains that once Iraq is out of Kuwait the UN's resolution will have been fulfilled. If Baghdad continues to menace its neighbours, however, that is "aggression under the UN charter, which is a different problem".

Western diplomats say that, for its part, Baghdad has been trying to embarrass Mr Pérez de Cuéllar, who is said to believe privately that the US has been less than subtle in its use of UN resolutions against Iraq.

Last week, for example, Iraq's UN representative asked the secretary-general to make public a transcript of his January 12 meeting with Mr Saddam, in which the UN chief is supposed to have agreed that the US was being heavy-handed at the UN. The UN is resisting Iraq's request, but Baghdad may disclose the transcript unilaterally.

This matter may seem minor, but it opens the question of whether the UN – where Mr Bush once served as US ambassador – has been merely a convenient cover for US-led military action.

The big test of the UN's future, says one senior coalition diplomat, will come long after the fighting has ended and will concern the willingness of Washington to allow Arab-Israeli talks to be conducted under a UN umbrella.

Pressure in this direction is coming from the Soviets, the French and the British delegations, but it remains anathema to Israel and the US.

Third World diplomats are particularly sensitive about the US attitude toward the UN, not least because a good number remain sceptical about Mr Bush's concept of a "new world order".

Some of these, seated in the delegates' lounge, grumble that this supposed new order is merely a euphemism for a new Pax Americana.

Thomson unveils new HDTV set for Europe

By William Dawkins *in Paris*

THOMSON Consumer Electronics (TCE), the French state-owned television manufacturer, yesterday launched its long-awaited advanced set, aimed at keeping Europe in the race to develop high definition television (HDTV).

TCE and the French government have heralded the FFr35,000 ($6,890) set as an important step towards outmanoeuvring Japanese competition for the world market for HDTV, estimated to be worth Ecu10bn ($13.8bn) a year by the end of the decade. Televisions account for 60 per cent of TCE's FFr37bn annual sales.

The high price of the sets had been met with reluctance by retailers to stock the new product during a slowdown in consumer spending and yesterday's launch was more than a month late.

Technical problems also had to be resolved on the two French satellites that transmit in the European advanced broadcasting standard, D2-Mac, which the new set requires if it is to be seen in full quality.

Although the new set is not a fully fledged high definition receiver, its screen will have 1,250 horizontal lines, twice as many as on existing European sets. It is also wider than sets in use. It will receive existing broadcasts and those transmitted in D2-Mac, a system midway between the existing standard and Europe's proposed HDTV system.

The company has invested FFr1bn in bringing the new sets into production. It has earmarked FFr9bn overall - of which FFr3bn comes from the government - on developing a set based on HD-Mac, the full European HDTV standard due to supersede D2-Mac by 1995.

TCE aims to launch the set in Germany, Britain and Italy in the early summer, in time to go on sale in September, by which time Philips, the Dutch electronics group, is expected to have launched its version.

The US is expected to choose its own standard by 1993, from five systems on offer, one of which is being developed by a consortium embracing TCE and Philips.

THE LEX COLUMN

The waning appeal of food

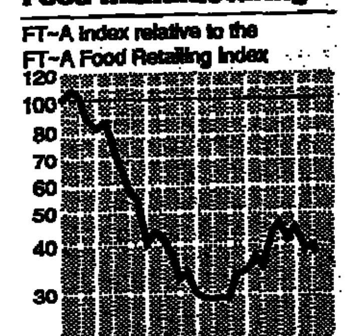
The UK market's concept of defensive investment is becoming ever more narrowly defined. Food manufacturing might be thought a classically recession-proof industry. However, the sector relative to the market is now precisely where it was eighteen months ago. Yesterday's interim figures from Dalgety, showing a mere 1 per cent rise in earnings and a held dividend, help explain why.

At the start of the 1980s, according to the brokers Henderson Crosthwaite, margins in the UK's domestic food industry were under 5 per cent. By 1988 they were 8 per cent. Then the improvement petered out again. Partly, this was a cyclical effect common to UK manufacturing as a whole. But it also had much to do with the balance of power between manufacturer and retailer. In the mid-1980s the seemingly inexorable advance of the retailer was momentarily checked. But the revived profitability of manufacturing then attracted a host of powerful new competitors: Pepsico in snacks, BSN in biscuits, Mars in ice cream. From 1988 onwards, as margins flattened, so the manufacturers's share prices underperformed the retailers' again.

The concentration among manufacturers as well as retailers plainly leaves a smallish operator like Dalgety exposed, especially since it lacks market leadership in its main businesses. But it is risky to generalise. In some of Dalgety's sectors, such as pet foods and snacks, oligopoly looks well enough established for margins to be protected in the foreseeable future. And if the prospect of unchanged profits and dividends for the full year looks unexciting, it is subject to very little variation either way. At yesterday's 370p, Dalgety is on 10 times earnings and a prospective yield of perhaps 6.5 per cent. That could look a good deal more attractive as the results season proceeds. Whatever the pressures on the food manufacturers, the effects have the great advantage of being relatively predictable.

Food manufacturing

FT-A index relative to the FT-A Food Retailing index



Mountleigh

Shareholders will no doubt be tempted to ask why Mountleigh is thinking about acquiring an obscure US company when it promised a European deal and has more pressing day-to-day problems within its existing businesses. If discussions with Fairchild Corporation, an industrial group which makes aircraft fastenings and spare parts, lead to a formal offer, shareholders will have to vote to approve the $280m-odd deal. That is small change against recent talk of a £1bn bid. But investors might choose to question the merits of taking on Fairchild's $550m of long-term debt, raising Mountleigh's gearing from 80 per cent to around 130 per cent.

They might also feel there is little to be gained from such a rag-bag of businesses, unless Fairchild is deceptively cash generative and the plan is to strip out its unproductive assets. Most shareholders would probably prefer a better performance from Galerias Preciados in Spain and a continuing clean-up of the UK property portfolio. They could now have a rare opportunity to say so.

Eurotunnel

The market may be looking for an excuse to sell Eurotunnel. After all, the shares have outperformed by almost 50 per cent since early December and could prove less exciting than more interest rate sensitive stocks if current bullishness persists. But there seems little justification for yesterday's 13p fall on speculation that Eurotunnel's costs are again set to increase. The question of who pays what for delays was always likely to be decided by outside arbitration rather than the internal disputes panel. And the company still insists that contractors' claims are covered by its revised base costs and its £239m project contingency fund.

Given what they have had to endure so far, Eurotunnel shareholders are bound to be jumpy at any new mention of cost overruns. But the fundamentals remain the same: reducing risks for what remains of the construction stage, and thereafter a range of unproveable assumptions on tariffs, interest rates and traffic volume. The trick for those on the roller-coaster will be to read the market's perceptions as they change.

Markets

If a cut in UK base rates this week was ever on the cards, yesterday's producer price figures make it a lot less likely. It is perhaps unsurprising if manufacturers' experience of falling margins in the last quarter has made them bang up their list prices in January. If the increases do not stick, the effect will show through in coming months. But for now, the figure is sharply at odds with the supposed fall in core inflation. The renewed strength of the UK equity market is the more perplexing. It owes much to Wall Street, which is little more than 100 points off its all-time high. But even if Wall Street's behaviour is rational – which looks increasingly doubtful – it is less clear than ever why the UK market should respond to it.

Property

Whatever the bears may say, the commercial real estate market never seizes up entirely: not even when base rates are at 14 per cent, Britain is at war and London is under six inches of snow. Yesterday's Allsop property auction suggests that there are two games – but only two – that investors really want to play at the moment: supermarkets, and some provincial shops in such locations as nice towns in the Cotswolds. The freehold of a Kwik Save store in Surrey went for £2.15m and that of a 10-year-old Tesco outlet in the West Midlands for £3.52m. And though the yields in each case were close to 12 per cent, the important point is that both sold easily and that these are large sums to plonk down on single lots in a sale-room.

Equally interesting were the things that did not sell or which went at what looked like rock-bottom prices. Two nearly-new industrial units near Gatwick Airport only sold on yields of 14.2 per cent. An empty Grade 2 listed office building near St Paul's, the sort of thing owner occupiers would have snapped up in the bull market, did not sell at all. Neither did a parade of shops in Chelsea, which must say something about the impact the uniform business rate has had on retail property values in the West End.

USAir and BA to cut jobs

Continued from Page 1

and Trans World Airways, the two US carriers currently serving the New York-Heathrow route, to match the discounts.

The airline told unions that it was seeking 4300 job cuts in the UK through early retirement and voluntary severance and additional 300 job cuts in its overseas operations.

A further 2,000 employees are to be stood down on half pay and will be recalled when business improves.

BA said the unions had given their support to the company's latest cost reduction programme which had been forced upon the company because of what it said were "exceptional circumstances created by the Gulf war and the deepening worldwide recession".

BA hopes to implement the job reduction programme as quickly as possible. It hopes to reduce 2,500 jobs by the end of next month and a further 2,100 as soon as possible thereafter. It also hopes to achieve the job reductions by voluntary retirement or voluntary severance.

Former Russian finance chief joins EBRD

By Peter Norman, Economics Correspondent, in London

MR BORIS FEDOROV, the former minister of finance of the Russian Federation, is to join the European Bank for Reconstruction and Development as a head of department, it was learned yesterday.

Mr Fedorov, who will be 33 tomorrow, is the most senior Soviet citizen so far to be recruited by the EBRD, which is being set up in London by 40 nations together with the European Commission and the European Investment Bank to help the former Communist countries of eastern Europe become market economies.

He was finance minister of the Russian Federation between June 1990 and January this year when he resigned from Mr Boris Yeltsin's government. He said he believed the Russian government did not understand, and was therefore incapable of implementing, a transition to a market economy. At the time, Mr Fedorov was the second leading economic reformer to quit the Russian government, after the resignation of Mr Grigory Yavlinsky, the deputy prime minister.

Mr Fedorov was a leading member of the Shatalin group which drafted the Russian Federation's 500-day plan for transition to a market economy. He was the main promotor of plans to set up the Soviet Union's first stock exchange and regarded as one of the most serious and knowledgeable Soviet officials on questions concerning the establishment of financial and capital markets. He was awarded his doctorate from the Economics Department of the Moscow State University for a thesis entitled "Financial Futures and Options Trading". Mr Fedorov has had some personal experience of western market economies. He was a visiting researcher at Glasgow University in 1989 and was a key member of a delegation from the Russian Federation to visit the annual meetings of the IMF and World Bank in Washington last Autumn.

Kohl backs Major over pace of monetary integration

Continued from Page 1

was at pains to state Germany's backing for the Gulf forces.

He said Bonn was ready to make extra contributions to the cost of the British forces involved beyond the DM800m ($537m) it has already pledged.

Pointing out that the money, agreed for the first three months of the year, might have to be increased if the fighting dragged on, Mr Kohl said: "Solidarity is not something which can be measured according to the calendar month."

The chancellor said British soldiers in the US-led coalition were carrying out a "difficult and important task on behalf of the world community". Mr Kohl expressed "utmost support" for the troops and for their families at home.

Mr Major acted firmly to close ranks with Bonn over the war, saying there was "no difference in our assessment and objectives over the Gulf conflict". Answering questions at a press conference, Mr Major said he had registered "a remarkable unanimity of views with Mr Kohl" over whether the allies' objectives had now widened to the removal or killing of Iraqi president Saddam Hussein, saying Britain was still sticking to the United Nations resolution to free Kuwait.

In a reference to the growing problems in the Soviet Union, Mr Major said he had expressed the need for President Mikhail Gorbachev's reform policies to continue.

WORLDWIDE WEATHER

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

FINANCIAL TIMES

COMPANIES & MARKETS

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Tuesday February 12 1991

INSIDE

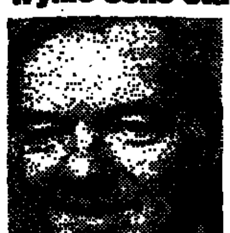
Special charges hit ITT earnings

ITT, the US defence-to-insurance conglomerate, yesterday revealed $236m cents of special charges that produced a 67 per cent slump in net earnings for the fourth quarter to $84m. Fourth-quarter revenue rose 7 per cent to $5.5bn, while full-year revenues were 3 per cent higher at $20.6bn. The special charges included provision for withdrawal from some insurance markets, the coal business and charges relating to environmental matters. Page 24

Mitsubishi looks for holding in Volvo Car

Mitsubishi Motors, the Japanese automotive group, is pursuing direct negotiations with the Dutch government with the aim of acquiring an equity stake in Volvo Car BV, the Dutch car maker 70 per cent owned by Dutch state interests and 30 per cent by Volvo, the Swedish car and truck producer. Page 23

Wyllie sells stake



Bill Wyllie, the 58-year old Australian businessman (left) and one of Asia's most colourful company doctors, is selling his majority stake in his four-year-old quoted Hong Kong property investment company, Asia Securities International. The deal, worth an estimated HK$700m to HK$800m ($102.5m) was concluded after only a few hours of negotiations with Lee Ming Tee, the 49-year old Malaysian-Chinese entrepreneur. Page 25

Capital idea from NatWest

Halls Homes & Gardens, the UK manufacturer of conservatories and home improvement products, has secured a new capital injection of about £3.2m ($6.4m) and has convinced its bankers, National Westminster, to convert £1.5m of its loans into preference shares. Such conversions, which represent a considerable act of faith, are possible now that commercial banks in the UK are able to take industrial equity on to their books as a swap for bad loans. Page 22

US develops foreign appetite

US investors' appetite for foreign securities has mushroomed with more financial services companies creating new mutual funds geared mainly at overseas investments. In the past five years, the amount of money under management for international funds has rocketed from $1.95bn to $13.26bn. Many fund managers now see foreign markets as a means of maintaining high rates of return. Barbara Durr in Chicago reports. Page 27

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Degussa	331	+	9
Karstadt	558	+	7
Mannheim Vers	830	+	15
Verein-West	299	+	6
Falls			
Hochtief	1150	−	23
Lahmeyer	955	−	15
NEW YORK ($)			
Rises			
Proc & Gamble	83⅝	+	1⅜
Synergen	27¼	+	¾
Unilever	91⅞	+	2⅞
Falls			
Amgen	77½	−	1½
Boeing	51⅝	−	1⅛
General Motors	36⅞	−	½
PARIS (FFr)			
Rises			
Accor	679	+	20
Beghin-Say	658	+	16
CGIP	990	+	28
La Henin	489	+	44
Unibail	749	+	9
Falls			
Radiotech	303	−	7

New York prices as at 12.30pm. Tokyo Closed.

LONDON (Pence)			
Rises			
Ang. Sec. Homes	39	+	8
Brit. Airways	141	+	8½
CIA	93	+	10
Creighton Nat.	160	+	10
Gen. Accident	534	+	30
Hi-Tec	76	+	8
Hunter Saphir	80	+	23
McCarthy & St.	61	+	5½
Next	27½	+	3
Norex	129	+	11
Psion	63	+	5
Rank Org.	678	+	21
Ratners	139	+	7
Royal Insce.	433	+	19
Taylor Woodrow	253	+	13
Telfos	78	+	7
Traf. House	225	+	11
Wickes	50	+	5
Falls			
Bass	116	−	11
Eurotunnel	475	−	13
Halls Homes	14	−	2

Mountleigh considers Fairchild bid

Peltz: tentative move

By Nikki Tait in New York

MOUNTLEIGH, the British property company now run by two US entrepreneurs, Nelson Peltz and Peter May, announced yesterday that it is considering making a $280m offer for The Fairchild Corporation, a Virginia-based group with a variety of industrial interests.

Mountleigh described the discussions with Fairchild as "tentative", although it has indicated a price of $10.25 a share in cash plus $4 in preference shares either issued or guaranteed by Mountleigh. Fairchild, too, said it viewed the offer as "highly conditional", and dependent on the "arrangement of an unspecified amount of debt and equity financing". It added it would discuss the approach when there was something firmer on the table.

If a deal goes ahead, it will bring together some colourful former clients of Drexel Burnham Lambert, the now-defunct US investment bank which specialised in junk bond financing.

Fairchild – better known by its former name, Banner Industries – is run by Mr Jeffrey Steiner, an Austrian-born financier and a friend of Mr Carl Icahn, one of the most prominent corporate raiders of the 1980s. The company's interests range from aerospace fasteners to tooling systems for the plastic injection moulding industry.

Mr Steiner, whose compensation from Fairchild totalled $6m last year, made a brief appearance on the UK corporate stage in 1988 when Banner launched a $250m bid for Avdel, a UK speciality fastener business. Avdel was eventually bought by Textron, the large US aerospace company, and Banner exited with a profit of several million pounds on its Avdel share stake.

Mr Steiner's personal share stake in Fairchild, on a fully-diluted basis, is about 44.5 per cent, although the current voting stake is higher. Banner acquired Fairchild Industries, the aerospace and defence business, in mid-1989, although some of its interests have now been sold.

Mr Peltz and Mr May, meanwhile, moved in on Mountleigh in late 1989, buying a 22.5 per cent stake from former chairman, Mr Tony Clegg. They had built their reputations in the States, through a series of Drexel-financed deals, which eventually gave their Triangle company control of National Can and then American Can. The two sets of businessmen have crossed paths in the past. Some years ago, Triangle held a small stake in Banner, while Mr Steiner had an interest in Central Jersey Industries, another Peltz company. "They know our business better than most," conceded Mr Steiner in New York yesterday, although he said there were now no cross-holdings.

Yesterday, Mountleigh was tight-lipped about the motives behind the possible bid. Mr Jeff Warren, its UK-based finance director declining to elaborate on financing plans.

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The Turin cloud

Fiat faces falling profits and a fierce assault by foreign producers on its home market, reports Haig Simonian

About 65,000 of Fiat's car workers abandoned the workbench for the ski slopes this week, after domestic car plants were temporarily closed in an effort to cut stocks. But management may have to start thinking about alternative leisure activities to keep them occupied should more temporary lay-offs be required later this year.

Company executives are understandably gloomy about final figures, due in May, after announcing a 55 per cent drop in preliminary operating profits for industrial activities – Fiat's core business.

Car industry analysts are already downgrading their 1990 profit forecasts for the Italian group. Margins have come under severe pressure and the company is facing strong competition in its key home car market.

Forecasts from analysts put 1990 net profits at between L1,530bn ($1.4bn) and L2,000bn, compared with the group's 1989 bonanza of L3,306bn. Some are even predicting a further halving of profits for 1991.

The group has recently announced a string of high-profile carmaking deals in Russia and eastern Europe and a L5,000bn venture in southern Italy. But things look set to grow worse before they get better.

Preliminary operating earnings for Fiat's industrial activities, which accounted for almost 87 per cent of total group turnover of L56,400bn last year, fell to less than L200bn in the second half of 1990. This implies a massacre of margins in the group's carmaking activities, which accounted for L27,406bn of the L48,900bn total sales generated by industrial operations. For, apart from cars, Fiat's industrial side includes what should be fancy higher-margin earners such as the high-tech Comau factory automation subsidiary and its industrial parts division.

The group will not comment on how low the margins on core businesses have sunk. It instead draws attention to difficulties being faced by other big carmakers as they struggle with falling demand and rising competition.

Industry estimates suggest that the big three US carmakers in particular have seen their margins fall below 1 per cent, while those on Japanese cars in Europe are believed to be in the 3.5 to 4 per cent range. Only Peugeot is thought to enjoy margins of about 5 per cent among volume producers.

Moreover, although Fiat's car sales fell by 150,000 units to 2.13m last year, it is still well above its break-even level of 1.6m. Even after this month's one-week stoppage – in what is probably the first taste of further temporary lay-offs – production is likely to remain well above break-even.

However, Fiat's position in the car business will remain difficult. The fundamental reasons for its weakness compared with some of its big European rivals are clear.

The group is still heavily dependent on Italy, with well over 50 per cent of sales being made in the domestic market. But this market is in decline and coming under unprecedented attack from foreign producers.

Fiat's problems are exacerbated by the fact that, unlike most big rivals, it has no car plants of its own outside Italy and its range is still aimed heavily towards relatively low-margin, small cars.

In Italy, total car sales in 1990 fell 0.6 per cent to 2.34m units. Within that smaller cake, Fiat group's share fell from 57.8 per cent in 1989 to 52.9 per cent.

The erosion in the overall market, and Fiat's share of it, was particularly marked in the second half of the year. By November and December, sales of Fiat group cars – which also include Alfa Romeo, Lancia and Ferrari – sank below 50 per cent. The situation deteriorated last month. In a market that surprised analysts by rising 1.6 per cent, the Fiat group's share fell to just 47 per cent – 6.8 per cent down on the same month last year.

Much of the damage to Fiat's position has come at the hands of Ford. Its small Fiesta model is a runaway success in Italy. Newer and more competitively priced than Fiat's Uno, the Fiesta has given Ford a rocket boost in Italy. Mr Massimo Ghenzer, chairman of Ford's Italian subsidiary, says the group's market share rose from 4.7 per cent in 1989 to 7.7 per cent.

The competitive pressure from Ford is unlikely to let up, given the severe downturn it faces in the UK.

How much money Ford is making on its keenly-priced Fiesta sales is uncertain. But it clearly intends to build on its success and is already pushing its new Escort and Orion ranges through heavy advertising.

German producers also prospered in Italy last year at Fiat's expense. Volkswagen's sales rose by more than 23 per cent, giving it 8.1 per cent of the market, while Opel group turnover grew by 8 per cent to give it a 4.3 per cent share.

Even the Japanese, who have traditionally faced severe curbs on direct sales to Italy, have seen an improvement. Japanese four-wheel drive, off-road vehicles – which are not subject to bilateral import restrictions – have proved popular with Italian motorists.

Boosted by UK sourcing, Nissan's sales jumped by 116 per cent to almost 6,500 units last year, while Toyota rose by more than 51 per cent to 5,437. Nissan's extraordinary increase is partly attributed to the creation of a full dealership network last year. Although that implies growth may be slower, it also promises a much broader base from which to proceed.

Fiat's other big problem is the gap in its new model programme. Despite improvements to its established sellers, there is nothing big in the pipeline until the new Uno in early 1993.

Before then, the Micro, produced in Poland, will debut in Europe, probably early next year. But although it is a vast technological improvement on Fiat's bottom-of-the-range 126, it is not significant enough to reverse the slide in the company's fortunes.

The same can be said of the Croma, Fiat's revamped top model, and the Lancia's big Thema. The mid-range Tipo, Fiat's much-heralded competitor to the VW Golf, was also a disappointment, failing to make its expected impact outside Italy.

Fiat's biggest challenge is to develop its range, particularly the larger saloons, to compete more effectively with the likes of Volkswagen and Ford outside Italy. Some models, such as the big Alfa 164 saloon and the mid-sized Lancia Dedra, have proved it can come up with winning formulae. But it will have to build on this success, cut costs and raise quality across the board.

Gianni Agnelli must find a way to improve quality while cutting costs

Foster's Brewing falls 31% midway and cuts its dividend

By Kevin Brown in Sydney

FOSTER'S Brewing Group, formerly Elders IXL, yesterday announced a 31 per cent fall in interim net profits from A$154m (US$120m) to A$107m and cut its dividend from 8.5 cents to 2.5 cents.

The result was at the lower end of market expectations. It followed a loss of A$1.3bn for the year to last June, which, at the time, was an Australian record. The board said the reduced dividend was a "prudent" response to the weak domestic economy.

Mr Peter Bartels, chief executive, said the result was "satisfactory", considering the difficult economic environment in the six months to December, during which Australia slid into recession. "Despite worsening economic conditions, Foster's Brewing Group has been stabilised in line with our long-term strategy," Mr Bartels said.

Foster's is disposing of non-core activities acquired by Mr John Elliott, the former chairman and chief executive, as part of a planned restructuring around its Australian, UK and Canadian brewing interests.

Mr Elliott stepped down to become non-executive deputy chairman last year, but remains chairman of Harlin Holdings, a private company controlled by former Elders executives, which owns 36 per cent of Foster's.

The dividend reduction could have serious implications for Harlin, which is technically insolvent, and relies on dividend income from Foster's to meet interest payments on debts of about A$3bn acquired to purchase the shares.

Harlin restructured its debt last year after Foster's failed to pay a full-year dividend but indicated that future dividends would be equal to 75 per cent of earnings per share. The interim dividend is equivalent to 53 per cent of earnings.

The board said it was confident of the long-term prospects for its brewing operations, but warned that the deteriorating Australian economy would adversely affect the results of its pastoral business and attempts to write down the assets of its loss-making finance division.

The group said the underlying performance of the brewing division was strong. Profits from Foster's Carlton and United brewing operations in Australia increased 9 per cent to A$131m.

● The European Commission yesterday gave its approval to the pubs-for-breweries swap between Grand Metropolitan and Courage, the brewing group owned by Elders, although on the condition that the original terms of the deal were made less restrictive.

The Commission agreed with the UK authorities that Courage should relinquish its position as exclusive beer supplier to the two groups' pubs within five years rather than 10 as demanded by the companies.

Carter Hawley enters Chapter 11

By Karen Zagor in New York

CARTER HAWLEY HALE, the biggest department store company in the western US, yesterday became the latest highly-leveraged US retailer to file for protection from creditors under Chapter 11 of the federal bankruptcy code.

The company was yet another victim of liquidity problems stemming from falling consumer spending and the need to maintain interest payments on its debt. In addition, the US banking crisis has shrunk the availability of bank credit, which made it difficult for the retailer to raise enough capital to meet its operating and interest payment needs.

"We have now seen almost all of the highly-leveraged US retail chains file for Chapter 11," said Ms Stacy Dutton, a retail industry analyst at Morgan Stanley. The company joins the ranks of Federated, Allied and Ames department stores, which have filed for bankruptcy in recent years. Only last week, Hills Department Stores, the fifth biggest US discount stores chain, filed for Chapter 11.

R.H. Macy is now the only big, highly-leveraged department store operating outside the bankruptcy courts. Rumours of a pending bankruptcy were recently quelled when the company issued new equity.

Carter Hawley's announcement was not surprising after last week's news that the company plans to sell its credit-card operations and that its arrangements for a working capital facility had fallen through.

Mr Frederick Taylor, a high-yield analyst at Salomon Brothers said: "Commercial banks are at a low point on their seasonal lines and it appears they do not want to go forward unless it's under debtor-in-possession financing," which makes them high-priority creditors.

Mr Philip Hawley, chairman and chief executive, yesterday said the company had received $800m of financing from Chemical Bank, including $250m of debtor-in-possession financing and a $550m accounts receivable purchase facility.

(Continued on the following page.)

Dalgety suffers 9.5% fall in earnings at half time

By Clay Harris, Consumer Industries Editor, in London

DALGETY, the UK food and agribusiness group, yesterday reported a 9.5 per cent fall in interim pre-tax profits to £51.7m ($102.7) from £57.1m.

Earnings per share rose to 16.9p against 16.7p in the six months to December 31, and the interim dividend is unchanged at 7.15p. Dalgety shares rose 2p to 370p.

The flour-milling, snacks and petfoods group said trading profits from continuing activities had risen 13 per cent to £56.2m from £49.9m.

However, it lost the £23.6m previously contributed by Gill & Duffus, the commodities business sold in October 1989, and by Dalgety Farmers, the Australian farm services company in which it has cut its stake from 65 per cent to 41 per cent.

The absence of these profits was partially offset by a decline in interest payable from £23.5m to £5.6m. Dalgety said gearing had fallen to 31 per cent.

Dalgety's latest operating profits were flattered, however, because it excluded more than £1m in Australian losses because the stake is treated as an investment held for sale, and took a similar sized trading loss in its US fresh produce business below the line as part of a £6.7m extraordinary provision.

Mr Maurice Warren, chief executive, said Dalgety hoped to sell the Australian stake by the end of 1991. It was also trying to sell the US produce operation.

Acquisitions accounted for more than £3m of the rise in trading profit, but exchange rate movements cost £1.9m. Property profits fell to £0.4m (£4.2m). Sales fell to £1.95bn from £2.47m.

Two factors related to the Australian disposal enabled earnings to rise despite lower pre-tax profits. Tax fell from £18m to £13.5m, and there was no longer a minority interest (£1.5m in 1989-90).

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Saint-Gobain curbs investment and staff

By William Dawkins

SAINT-GOBAIN, Europe's largest glassmaker, has reduced its investment plans and curbed temporary staff contracts in response to the economic slowdown.

Mr Jean-Louis Beffa, group chairman, said the fall in consumer and industrial spending, intensified by the Gulf war, had affected at least a third of Saint-Gobain's sales, mainly in glass, insulation and construction materials divisions.

Investments this year would fall from the FFr5.9bn ($1.19m at current rates) spent in 1990 and the focus would shift from enlarging capacity to improving productivity, he told the French financial newspaper, Les Echos.

Mr Beffa said the slowdown in Saint-Gobain's markets could last until mid-1992, but did not expect any change in strategy. "The prime objective is to conserve market share," he said.

The group, which suffered a 22 per cent fall in net profits last year, was feeling the effects of the US recession, which has absorbed 20 per cent of sales since last year's $2bn acquisition of Norton, the industrial abrasives producer. Meanwhile, the dollar's fall made it harder to compete on price against US producers, especially in paper and wood and reinforcing fibres.

Saint-Gobain had already made around 100 job losses in the overlapping administrative services of Certain Teed, its existing US branch, and Norton.

Union Carbide plans share buyback

By Robert Gibbens in Montreal

UNION Carbide of the US is offering to buy all 5.2m shares of its Canadian subsidiary it does not already own for C$99m (US$85m), equal to $19 cash per share.

Union Carbide sold 25 per cent of Union Carbide Canada stock to the public in 1964 at C$24 a share, the first foreign-owned subsidiary to respond to a programme of the then Canadian finance minister, Mr Walter Gordon, to encourage domestic ownership of industry. The stock was split two for one in 1979.

The US parent recently reorganised into three main business divisions. It decided the big swings in the world chemical business justified the buyback of the minority holding in the Canadian subsidiary.

It first proposed a C$7-a-share cash distribution to all Union Carbide Canada shareholders. Then the Canadian chemicals and plastics business would have been merged into the US parent and the remaining Canadian industrial and medical gas business would have continued with a 25 per cent public holding. However, this plan required a complex approval process.

Now the parent says two Canadian institutions owning 90 per cent of the minority holding in Union Carbide Canada will tender their stock under the C$19-a-share cash offer. The offer price compares with the last traded price of C$16.50 a share.

Banco Hispano slips 5.1%

By Peter Bruce in Madrid

BANCO Hispano Americano, the Spanish commercial bank, made consolidated net profits of Pta32.6bn ($356m) in 1990, 5.1 per cent down on 1989.

Hispano is the only one of Spain's six biggest banks to report a drop in 1990 profits. The bank said this was due to an increase in group provisions, which rose 17.14 per cent.

Mitsubishi seeks Dutch Volvo deal

By Kevin Done, Motor Industry Correspondent in London

MITSUBISHI Motors, the Japanese automotive group, is in talks with the Dutch government in the hope of acquiring an equity stake in Volvo Car BV, the Dutch car maker. The Dutch company is 70 per cent owned by state interests and 30 per cent by Volvo, the Swedish car and truck producer.

Mr Hirokazu Nakamura, Mitsubishi president, spoke at the weekend with Mr Koos Andriessen, Dutch minister of economic affairs in the The Hague about forms of co-operation. Mr André Deleye, Volvo Car BV chairman, also attended the meeting.

The Dutch ministry of economic affairs said the negotiations with Mitsubishi would be resumed "in the near future".

Mitsubishi Motors has long been seeking a European partner with which to establish a car production venture in western Europe. Nissan, Toyota and Honda are all developing European car assembly plants.

Although Mitsubishi has been in talks for several months with Volvo, the negotiations have been complicated by the Swedish company's alliance with Renault of France, which has called for continuing controls on Japanese car sales in western Europe.

At the same time, Volvo itself began talks last year with the Dutch government with a view to acquiring full control of its Dutch affiliate.

Those talks have been prolonged by disagreements over the valuation of the Dutch stake in Volvo Car BV. Meanwhile, the financial fortunes of both Volvo and Volvo Car BV have deteriorated.

Volvo Car BV plunged into a loss of Fl 75m ($45.8m) last year from a profit of Fl 55.1m in 1989.

The company, which makes Volvo's smaller 300 and 400 series cars, said its sales volume fell last year by 6.7 per cent to 118,750 from 127,212 in 1989, while production dropped by 9.9 per cent to 121,300 from 134,600 a year earlier.

The company has been hit badly by the steep fall in new car sales in the UK and Sweden, its two most important markets.

It said fierce price competition and heavy marketing costs had put it under pressure toward the end of last year.

The company, which was forced to close its Born production plant for 10 days late last year to cut stocks, has already closed the plant for another 10 days so far this year. Volvo Car BV said the present market outlook was "very unclear" and it would be forced to close the plant for a further 14 days in March-April.

Record profits at Hafslund

By Karen Fossli in Oslo

HAFSLUND Nycomed, Norway's second biggest publicly-quoted company, yesterday announced record preliminary pre-tax profits for 1990 of NKr1.04bn ($182m). The result was up 8 per cent against NKr962m last time.

The profits were bolstered by the NKr215m sale of Hafslund Metall, the company's light metals division, and a boost in earnings from products used in radiology. Hafslund Nycomed is best known for its X-ray contrast media.

Mr Svein Aaser, president, said he was satisfied with the result and forecast an increase in sales for 1991, largely because of acquisitions in 1990.

Sales last year jumped to NKr4.39bn from NKr2.97bn, including royalties which rose to NKr46m from NKr40m. Hafslund's imaging division, which produces Omnipaque, a non-ionic X-ray contrast media which helps to produce clearer X-ray pictures with fewer side effects, accounted for 41 per cent of total sales, or NKr1.79bn. The pharmaceuticals' division was next with 22 per cent of sales, or NKr978m.

Operating profit, after research and development (R&D) costs, rose by 14 per cent to NKr1.09bn from NKr951m.

R&D costs rose 65 per cent in 1990, to NKr479m from NKr290m. This reflected increased activity in medical imaging diagnostics, which accounted for 55 per cent of the total, or NKr263m. The purchase in January 1990 of Austrian firm HN Pharma also affected R&D expenditure.

Hafslund was forced to write down its share portfolio by NKr29m, partly because of a fall in the US dollar. Part of the loss was offset, however, by other realised foreign exchange gains.

The board is proposing an increase in the dividend to NKr1.75 a share from NKr1.25.

Deutsche Bank urges support for Continental

DEUTSCHE BANK, Germany's biggest bank, is recommending that shareholders of Continental support the tyre company at next month's extraordinary general meeting called to vote on the merger proposal from Pirelli of Italy, writes Andrew Fisher in Frankfurt.

The bank, which holds 5 per cent of Continental's shares, has told customers with their stock deposited in Deutsche that a merger with Pirelli would not be in the interests of the German tyre maker.

Continental has said it expected the support of Deutsche, a manager of which, Mr Ulrich Weiss, heads the supervisory board of the tyre manufacturer.

Continental has rejected the approach of Pirelli, which says it is supported by the holders of 51 per cent of the German company's shares. The Italian group has not said how it intends to vote at the EGM on March 13.

Commerzbank, another big German bank, also recommends that its clients vote in line with the wishes of Continental's board and turn down the motion that the merger proposal be voted on at the July annual meeting.

This needs a 75 per cent majority, but Continental is counting on the support of banks, car companies such as Volkswagen, BMW, and Daimler-Benz, and other shareholders.

TV station's founder resigns

By Alice Rawsthorn in London

MR JAMES Gatward, the controversial founder of TVS Entertainment, the UK television company, yesterday resigned from the group after weeks of wrangling with Mr Rudolph Agnew, who joined TVS as chairman late last year.

Sources close to the company said Mr Gatward, who was chief executive of the TVS group until Mr Agnew's arrival, handed in his resignation to the chairman early yesterday afternoon.

Mr Agnew is said to have been dissatisfied with Mr Gatward's performance at running TVS Television, which is soon to reapply for its independent television franchise for southern England.

Under the terms of his five-year rolling contract Mr Gatward, who is on a salary of £250,000 a year, is entitled to compensation of £1.25m on leaving TVS. However, Mr Agnew is expected to try to settle for a much lower sum.

The announcement of Mr Gatward's departure was made after the stock market closed and too late to affect TVS's share price which was unchanged at 62p.

TVS is urgently trying to sell MTM, which produces Hill Street Blues, before the ITV franchise auction this spring. Mr Gatward was in Los Angeles last week trying to conclude the sale. Walt Disney has been mooted as a possible purchaser.

The MTM debacle plunged the TVS board into internal turmoil. Two non-executive directors, Mr John Elton and Baroness Sharp, resigned in mid-December.

A few days later Mr Agnew, former chairman of Consolidated Goldfields, replaced Lord Boston as chairman at the behest of Schroders, TVS's merchant bank, together with Compagnie des Eaux and Canal Plus, its French shareholders.

Notice of Redemption to the holders of

International Standard Electric Corporation

12% Sinking Fund Bonds Due 1996

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of the Indenture dated 15th March, 1984 (the "Indenture"), between International Standard Electric Corporation and Bankers Trust Company, Trustee, that $12,268,000 principal amount has been selected by the Trustee for Redemption on 15th March, 1991 at the principal amount thereof in accordance with the Sinking Fund provided for in Section 3.06 of the Indenture.

The following are the serial numbers of the Bonds which will be redeemed in whole:

5	1338	2702	4033	5340	6577	7873	9169	10605	11996	13320	14532	15800	17022	18293
13	1339	2705	4037	5341	6588	7875	9178	10618	11997	13324	14534	15804	17024	18299
37	1349	2706	4044	5345	6592	7884	9181	10620	11998	13327	14536	15805	17031	18309
41	1353	2707	4045	5347	6597	7898	9186	10630	12018	13329	14543	15807	17034	18317
48	1358	2712	4052	5348	6600	7899	9198	10635	12023	13332	14546	15808	17037	18318
53	1360	2713	4059	5349	6607	7920	9201	10653	12030	13349	14547	15813	17039	18322
62	1361	2718	4061	5350	6611	7922	9205	10671	12042	13353	14548	15814	17045	18328
63	1374	2723	4081	5353	6632	7935	9209	10673	12047	13354	14550	15816	17050	18335
64	1376	2724	4082	5365	6641	7944	9229	10685	12048	13367	14555	15822	17051	18342
66	1385	2726	4087	5367	6645	7955	9241	10692	12055	13369	14562	15825	17059	18344
72	1395	2729	4095	5369	6654	7958	9275	10700	12057	13371	14571	15840	17068	18346
79	1396	2730	4102	5373	6666	7977	9303	10703	12059	13372	14574	15843	17072	18350
89	1399	2731	4112	5374	6667	7979	9304	10716	12068	13373	14577	15850	17083	18352
91	1412	2733	4118	5394	6674	7991	9313	10719	12072	13378	14583	15857	17089	18353
92	1425	2735	4120	5398	6675	8008	9320	10721	12073	13379	14598	15861	17097	18354
103	1429	2741	4122	5407	6680	8014	9326	10724	12076	13385	14602	15863	17098	18355
111	1430	2746	4127	5421	6685	8023	9331	10730	12080	13388	14604	15865	17100	18369
112	1440	2747	4128	5432	6688	8028	9349	10732	12084	13392	14609	15869	17111	18373
114	1450	2775	4130	5453	6690	8034	9351	10742	12091	13398	14617	15883	17115	18395
120	1455	2782	4134	5458	6695	8037	9362	10744	12093	13412	14625	15902	17143	18397
122	1460	2784	4158	5459	6697	8038	9365	10750	12094	13413	14626	15909	17144	18410
123	1481	2796	4176	5460	6701	8044	9369	10755	12098	13428	14628	15911	17146	18419
124	1493	2798	4179	5463	6708	8045	9371	10757	12106	13433	14633	15931	17158	18422
127	1494	2810	4185	5466	6711	8051	9372	10758	12107	13438	14636	15938	17162	18425
128	1507	2817	4194	5468	6717	8059	9373	10764	12110	13442	14639	15939	17172	18431
133	1508	2819	4195	5471	6728	8069	9380	10767	12121	13443	14641	15942	17173	18432
139	1527	2824	4200	5472	6736	8070	9383	10771	12125	13446	14646	15944	17174	18434
140	1530	2838	4201	5474	6744	8071	9398	10772	12136	13455	14650	15947	17175	18435
143	1531	2846	4204	5478	6746	8072	9402	10774	12137	13459	14656	15950	17179	18436
152	1548	2854	4218	5479	6751	8076	9405	10776	12144	13464	14658	15955	17180	18437
158	1549	2856	4223	5491	6754	8089	9406	10791	12146	13465	14660	15956	17190	18439
160	1553	2866	4240	5498	6758	8090	9413	10793	12147	13468	14661	15957	17193	18442
165	1554	2878	4247	5501	6762	8095	9419	10806	12162	13480	14670	15963	17194	18448
167	1561	2884	4250	5505	6768	8097	9430	10816	12176	13485	14672	15972	17195	18449
173	1565	2891	4258	5519	6771	8105	9441	10825	12179	13487	14684	15988	17196	18451
179	1569	2893	4259	5523	6774	8106	9443	10831	12193	13493	14695	16008	17197	18455

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65407	66482	67663	68717	69772	70807	71777	72824	73879	74935
65409	66483	67666	68718	69786	70810	71790	72828	73881	74940
65415	66492	67668	68728	69790	70813	71793	72832	73882	74947
65418	66510	67669	68740	69793	70818	71794	72838	73887	74949
65422	66513	67676	68742	69801	70825	71802	72839	73893	74953
65428	66519	67698	68747	69804	70831	71815	72854	73902	74965
65429	66521	67712	68749	69806	70833	71823	72855	73905	74966
65436	66524	67716	68764	69808	70838	71825	72871	73908	74981
65437	66525	67728	68771	69820	70844	71826	72877	73919	74991
65448	66527	67730	68773	69833	70849	71833	72880	73921	74998
65454	66535	67732	68779	69838	70850	71836	72882	73923	74999
65459	66538	67733	68780	69840	70853	71839	72884	73924	
65462	66548	67736	68781	69842	70856	71860	72885	73925	
65467	66550	67739	68794	69844	70861	71862	72903	73933	
65471	66555	67743	68800	69853	70863	71865	72906	73934	
65482	66559	67749	68806	69859	70864	71866	72922	73941	
65486	66561	67753	68814	69865	70866	71877	72924	73945	
65499	66585	67772	68825	69866	70875	71881	72927	73948	

Accordingly, on 15th March, 1991 the Bonds so designated for redemption will become due. Payment will be made upon presentation and surrender thereof of the above Bonds at one hundred per cent (100%) of the principal amount thereof in United States Dollars, at the option of the holder, subject to any applicable laws or regulations in the country where each of the following offices are located, at the City Offices of Bankers Trust Company in London, at the main office of Bankers Trust Company in Paris, at the office of Bankers Trust GmbH in Frankfurt, at the office of Banque Indosuez Belgique Brussels, (formerly Banque du Benelux S.A. Brussels), at the office of Banque Générale du Luxembourg S.A. in Luxembourg or at the office of Swiss Bank Corporation Basle.

The redeemed Bonds should be presented with all Coupons maturing after 15th March, 1991. Coupons maturing on 15th March, 1991 and prior thereto should be detached and surrendered for payment in the usual manner. From and after 15th March, 1991 interest on redeemed Bonds will cease to accrue.

International Standard Electric Corporation

By Bankers Trust Company, Trustee.

22nd January, 1991

Hasbro exceeds forecasts with 16% net advance

By Karen Zagor in New York

HASBRO, the biggest US toy maker, yesterday turned in stronger-than-expected fourth-quarter earnings.

Net income for the three months ended December 30 rose 16 per cent to $37.9m from $24m on revenues which advanced 18 per cent to $492.8m from $417m. Earnings per share increased to 49 cents from 40 cents. There were fewer shares outstanding in the latest quarter.

During the 1990 quarter, the company took a pre-tax charge of about $23m for possible losses from US customers. The charge increases provision for bad debt to about $30m.

Mr Alan Hassenfeld, chairman and chief executive, said domestic revenues exceeded Hasbro's expectations during the fourth quarter and international growth was substantial, in revenues and earnings.

The improved performance helped shares in the company rise $1¾ to $24¾ at midday yesterday on the New York Stock Exchange. The company had several disappointments with new products last year and recently cut almost 6 per cent of its corporate staff to reduce costs.

For the year, Hasbro's net income slid to $89.2m, or $1.54 a share, from $92.2m, or $1.56 a year ago. Revenues rose 8 per cent to $1.52bn from $1.41bn.

Hasbro, which leads the industry in board games and large dolls businesses, hopes to assure domination of the US toy industry through the acquisition of Tonka Toys.

Special charges cut ITT to $84m in fourth quarter

By Alan Friedman in New York

ITT, the big US conglomerate with interests ranging from defence to insurance, yesterday disclosed $236m of special charges that resulted in a 67.3 per cent slump in net earnings for the fourth quarter of 1990, to $84m.

The company's fourth-quarter revenues rose by 7 per cent to $5.5bn, while full-year revenues were 3 per cent higher at $20.6bn. ITT's net income for the whole of 1990 was $958m, or $6.85 a share, an increase of 4 per cent.

The fourth-quarter charges – which reduced earnings per share from $1.79 to 65 cents – included a $48m after-tax provision for restructuring and withdrawal from various automobile insurance markets.

The fourth quarter also saw a $50m after-tax charge related to the group's exit from the coal business and its write-down on its holding in Carbon Industries.

Other fourth-quarter after-tax charges were a $51m provision for environmental matters relating to ITT's previously-closed Southern Wood Piedmont operation, a $71m provision to strengthen the reserves of the group's consumer small loan and real estate portfolios, and a $16m provision tied to the reorganising of ITT's electromechanical components manufacturing facilities in the UK.

Mr Rand Araskog, chairman, said he viewed the special charges as "necessary and prudent at this time" and said they should have a favourable impact upon future results.

Aside from the fourth-quarter charges, ITT's 1990 results were affected by a third-quarter $26m after-tax charge for the write-off of ITT Sheraton mortgage loans to a hotel property and by a $139m gain on the sale of a 7 per cent stake in Alcatel of France.

ITT's automotive operations improved only modestly last year, while its fluid technology division had flat earnings. Earnings dropped at the pulp and timber division and also in electronic components because of restructuring and reduced volume and margins.

On Wall Street, ITT's share price was marked $1⅛ higher to $56⅞.

Young mining group goes for gold

Kenneth Gooding finds TVX aiming to join the producers' big league

THE world's newest substantial gold mining company, TVX Gold, is off to a flying start and hopes to profit from present low gold prices by growing via acquisitions. Mr Martin Robinson, chief executive officer, suggests: "There might well be opportunities to pick up gold assets at reasonable prices."

TVX, formed from the merger of Consolidated TVX Mining and the gold interests of Inco, the world's largest nickel producer, expects to produce the equivalent of 350,000 troy ounces of gold this year, rising to 400,000 ounces in 1992.

Mr Robinson says it seems "reasonable" for TVX to aim eventually to join the exclusive ranks of the 1m ounces-a-year producers.

TVX starts out with very little debt and will have no difficulty raising cash for acquisitions very quickly, he points out. "We would go to the equity markets for cash if [we were] given the right opportunity, but we have a great deal of debt capacity."

On completion of the merger, on January 7 this year, TVX emerged with its shares, quoted on the Toronto and Montreal exchanges, at C$5 each and a market value of about C$650m (US$560m).

Inco owns 62 per cent of the company and, according to Mr Robinson, has no intention of reducing its stake. A group led by Mr Eike Batista, formerly chairman of Consolidated TVX and now chairman of TVX Gold, owns 15 per cent. Of the outstanding 23 per cent in public hands, one third is owned by Canadians, one third by US institutions and individuals and one third by Europeans.

Mr Robinson says one of the immediate priorities is to have TVX quoted on a US exchange because that is what US investors prefer. However, investigations show that a quote on one of the European bourses would not be worth the cost.

Inco in the past did not sell forward any of its gold output, and Consolidated TVX also has done little forward selling. However, the new company will "hedge a substantial proportion" of its gold production, says Mr Robinson. But not while the gold price remains below US$400 an ounce.

With cash production costs forecast to be below US$200 an ounce, TVX is among the lowest-cost American producers, but Mr Robinson insists: "We are too financially conservative to leave ourselves open to vagaries of the gold market."

To those in the market who complain that producers like TVX are putting a "cap" on the gold price by selling forward every time it approaches $400, Mr Robinson replies: "We may be putting a cap on the price, but we are also putting a floor under our profits."

TVX has interests in six operating mines and three development properties in Canada, the US, Brazil and Chile. Mr Robinson says that the new company will concentrate expansion in these countries and exploration will be restricted to areas around the TVX mines where there is still great potential. The group's proven and probable gold reserves already exceed 7m ounces. An exploration budget has yet to be agreed but, in view of current gold market conditions, it will be relatively modest.

TVX is the biggest gold producer in Brazil, but all the mines in which it has interests are managed by other companies.

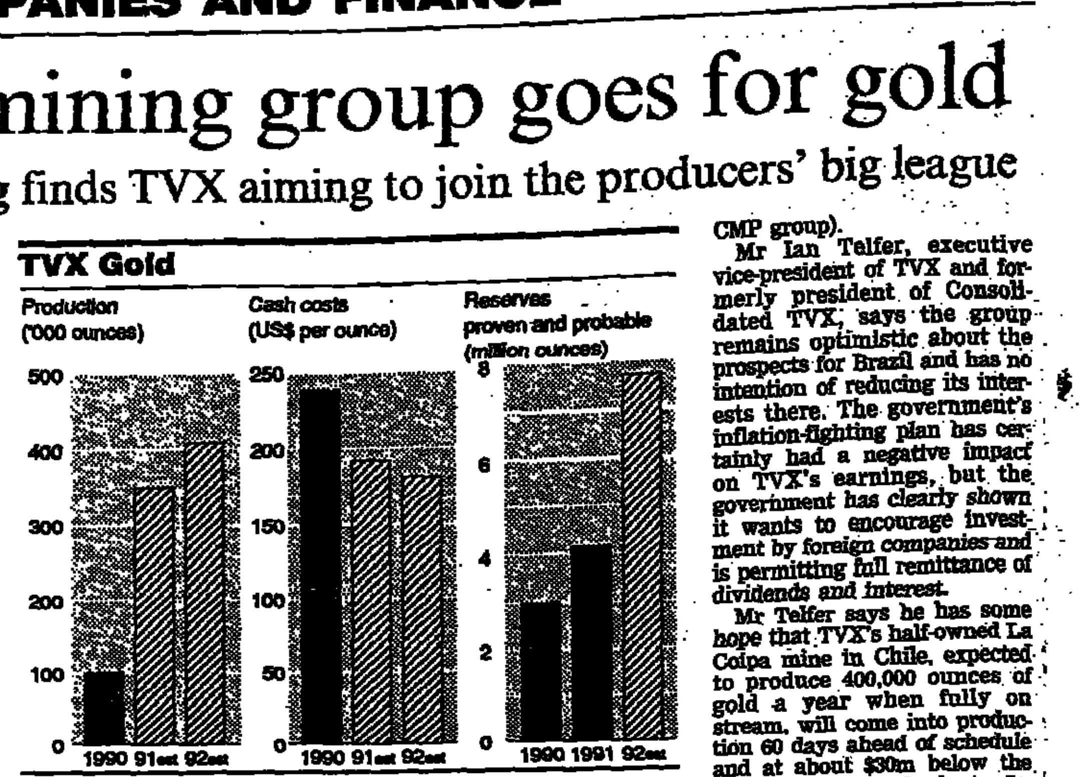
It owns 23 per cent of the Brasilia mine (150,000 ounces a year and operated by RTZ of the UK); 50 per cent of the Crixas mine (100,000 ounces a year, operated by the Anglo American Corporation of South Africa); and 49 per cent of Novo Astro (50,000 ounces a year, operated by the Brazilian CMP group).

Mr Ian Telfer, executive vice-president of TVX and formerly president of Consolidated TVX, says the group remains optimistic about the prospects for Brazil and has no intention of reducing its interests there. The government's inflation-fighting plan has certainly had a negative impact on TVX's earnings, but the government has clearly shown it wants to encourage investment by foreign companies and is permitting full remittance of dividends and interest.

Mr Telfer says he has some hope that TVX's half-owned La Coipa mine in Chile, expected to produce 400,000 ounces of gold a year when fully on stream, will come into production 60 days ahead of schedule and at about $30m below the original $250m budget. La Coipa, with 6m ounces of gold in its reserves and estimated cash production costs of only $156 an ounce, is scheduled to start up in July. It will be operated by Placer Dome, second-largest of the north American gold producers and 50 per cent owner of La Coipa.

La Coipa was once owned by Consolidated Gold Fields of the UK but was sold for $30m plus royalties. The arrangement should ensure that Hanson, the Anglo-American conglomerate which took over Gold Fields, receives about $2m a year in royalty payments from La Coipa for at least the next 10 years.

Meanwhile, Mr Robinson says of TVX: "All our projects are running well and are in the hands of extremely competent operators. We will take some time to put the two businesses together but from the outset we can concentrate on going for growth."



La Quinta Motor Inns will not discourage takeover

LA QUINTA Motor Inns, a Texas-based chain which effectively put itself into play last month, has now said it would take no action, with limited exception, to discourage a takeover before July 15, writes Karen Zagor in New York.

The company has come under pressure from two of its main investors – Sir Ron Brierley's IEP group and an investor consortium led by Mr Sid Bass and Mr Lee Bass, wealthy oilmen from Fort Worth whose family has been involved in numerous takeovers, and Mr Thomas Taylor – about the company's proposed poison-pill measures which would limit their respective stake to the 15 per cent level. Both IEP and the Bass brothers' consortium already hold about 15 per cent of La Quinta's equity. The founding Barshop family owns about 19.5 per cent of the shares.

La Quinta said last week that the Bass brothers and Mr Taylor have agreed to vote their shares in favour of the election of La Quinta's slate of directors at the company's 1991 annual meeting. The Bass group "acknowledged their support for the company's efforts to evaluate financial and strategic opportunities that may be available to La Quinta to maximise shareholder value, including the possible sale of La Quinta".

La Quinta said it had amended its bylaws to give shareholders the right to call a special meeting and at that meeting to remove directors, with or without cause, and to elect directors to fill the vacancies. These rights run from May 17 1991 to June 30 1992.

Lac Minerals seeks rest of BIG

By Bernard Simon in Toronto

LAC MINERALS, the Canadian gold producer, plans to acquire the 35.3 per cent stake in Colorado-based Bond International Gold which it does not already own. At the same time, the Canadian company has taken writedowns totalling US$84.6m on over-valued Bond assets.

Lac has offered 0.53 of its common shares for each Bond share, giving the deal a value of US$85m. Bond said it has set up a committee of independent directors to assess the offer.

The bulk of the writedowns relates to exploration properties. The writedowns resulted in Lac suffering a $64.3m loss, or 53 cents a share, last year, compared with earnings of $30.5m, or 31 cents, in 1989.

Revenue rose to $459m from $186m, largely as a result of the purchase of the Bond interest in late 1989. Gold output rose to just over 1m ounces, compared with 809,000 ounces in 1989.

Lac bought its present interest in Bond International from Mr Alan Bond, the Australian financier, for $10 a share. The shares have recently been trading at around $4.

Bond operates five gold mines in the US, Canada and Chile. A rising dependence on high-cost US mines has sharply raised its overall production costs in the past few years. The average 1990 cash cost of production was $244 per ounce, up from $209 per ounce a year earlier.

Lac also announced a shareholder rights plan to protect itself against a hostile takeover. The plan allows shareholders to acquire new shares at 50 per cent of the market price if an unwelcome party bought more than 15 per cent of the company's shares.

Highveld books lower profits

By Philip Gawith in Johannesburg

HIGHVELD Steel and Vanadium, an Anglo American subsidiary, recorded sharply lower profits in the year to December, but the company believes it is poised to profit from the reopening of European and US markets closed because of sanctions.

Following a record 1989 performance, turnover declined to R1.43bn ($572m) from R1.61bn and pre-tax income was 65 per cent lower at R201.3m compared with R566.1m. Mr Lesley Boyd, chairman, pointed out the results were the second best the group had recorded.

More than 50 per cent of Highveld's revenue come from exports and the lower profits reflect weakness in all its main export markets – steel, vanadium and ferro-alloys – and a firm currency. Mr Boyd said world steel consumption had decreased by about 1 per cent in 1990 and production had been 2 per cent lower as a result of inventory reductions.

In export markets there had been firm demand for long products, but flat products had been in oversupply.

He said vanadium prices had declined sharply owing to a 10 per cent fall in western world consumption and oversupply, especially by South African producers. Mr Boyd said South African producers had helped destroy their own market by bringing unnecessary production on stream. Highveld is considering beneficiating, or improving the grade of, some of the vanadium slag which it exports in raw form. He said it made sense to add value locally. Capital expenditure of between R25m and R50m would be involved.

Mr Boyd said the prospects for the R3bn Columbus stainless steel project, a joint venture being pursued with ferrochrome producer Samancor were marginal, given the government's commitment to removing export and other incentives. "We intend to have some very hard discussions with the government. Without some sort of support from them, it is questionable whether this project will go ahead."

Mr Boyd was optimistic that the lifting of sanctions, especially in the US and EC, augured well for Highveld. He pointed out that before sanctions both these markets, the country's most lucrative, had taken about 500,000 tons per year of steel exports from South Africa. Highveld's share of this had been 20 to 25 per cent in the case of the US and under 20 per cent in the case of the EC. Mr Boyd said they were "very confident" of regaining these markets.

Earnings per share were 53.7 per cent down at 208.4 cents against 450 cents and the dividend was maintained at 70 cents per share. In 1989 a special dividend of 60 cents per share was also paid.

Continued on Page 21

ACIL turns in first half net loss of A$91m

By Kevin Brown in Sydney

AUSTRALIAN Consolidated Industries (ACIL), formerly Bell Resources, yesterday reported a net interim loss of A$91m (US$79m) on turnover of A$50m for the half-year to the end of December, compared with a loss of A$863m on turnover of A$974m for the first half of last year.

The lower figures reflect the restructuring of ACIL as part of Mr Alan Bond's Bond Corporation Holdings, formerly the parent company of Bell Resources.

Mr Geoff Hill, ACIL chairman, said the current year was one of "consolidation, with restructuring of our equity, ownership and debt base a priority".

ACIL's main interest is a 50 per cent share in National Brewing Holdings, formerly Bond Brewing Holdings, which it bought from Bond Corp last year in a joint venture with Lion Nathan of New Zealand.

The company also owns 31 per cent of Nine Network Australia, also a former Bond Corp subsidiary, now controlled by Mr Kerry Packer's Consolidated Press Holdings. ACIL's holding is shortly to be reduced to 21 per cent as part of a refinancing deal for the network.

Mr Hill said operating *results for the brewery division* had been "very encouraging". However, the loss was after taking account of foreign exchange losses of A$25m and writing off debts of A$83.5m due from Bond Corp.

ACIL has given Bond Corp 14 days, which expire on Thursday, to pay a further A$433.5m due under an inter-company debt agreement struck as part of the restructuring of Bond Corp.

ACIL also claims Bond Corp and its subsidiary Bell Group have broken an agreement to reduce their aggregate holding in the company from 49 per cent to 30 per cent by the end of last year.

Bond Corp could be placed in liquidation if it fails to repay its debt to ACIL or reach agreement on a compromise proposal by Thursday. Such a move would probably end a debt for equity swap agreement being drawn up by Bond Corp and its creditors.

Mr Hill has made clear that ACIL would settle for a substantial stake in the revamped Bond Corp, but that would *reduce the proportion of Bond* Corp's assets available to repay other creditors.

Mr Peter Lucas, Bond Corp chairman said "hard nosed negotiations" were going on with ACIL, but it remained to be seen whether Bond Corp would be able to meet a second deadline to present its proposed scheme of arrangement to the Western Australia Supreme Court on Friday.

Mr Lucas said he was certain the scheme of arrangement would eventually be presented to the court, but "what ACIL's part or otherwise will be in that, we hope to get resolved in the next few days".

Profits rise for UMW on surge in car demand

By Lim Siong Hoon in Kuala Lumpur

UMW Holdings, the Malaysian car and heavy equipment maker, has reported a near doubling of pre-tax profits to M$196m (US$73m) for 1990 on sales of M$1.93bn, up 37 per cent from M$1.41bn in 1989.

The improved results followed its recovery and financial reconstruction in 1989 to regain control of key units in a finance company and UMW Toyota, the local assembler and distributor of Toyota cars.

The reviving fortunes at UMW were boosted by a surge in domestic demand for cars, the group's single largest contributor to sales.

Overall assembly production in Malaysia rose by 74 per cent to 120,000 units last year, despite competition from cheaper sales of Proton, the state-owned carmaker which controls more than half the market.

UMW expects that this year results would be "satisfactory," after a rise in 1990 after-tax profits of 100 per cent to M$135m. The group has proposed a final 7.5 cents a share dividend, bringing the year's total to 15 cents. There were no dividends in 1989.

Company doctor prescribes a rest cure

By John Elliott in Hong Kong

MR BILL WYLLIE, a 58-year-old Australian and one of Asia's most colourful company doctors, has decided to sell his 57 per cent stake in his four-year-old quoted Hong Kong property investment *company, Asia Securities International* (ASIL), for an estimated HK$700m to HK$800m (US$102m) after only a few hours of negotiations.

A controlling interest of up to 34.5 per cent is being bought *by Allied Group, a diversified* property to food processing empire controlled by Mr Lee Ming Tee, a 49-year-old Malaysian-Chinese entrepreneur and an old acquaintance of Mr Wyllie.

The two men met for a social lunch 11 days ago and Mr Lee said he might buy after Mr Wyllie talked about possible plans to take ASIL private – plus a parallel, but probably incompatible, wish to play more golf and spend more time with his second wife, Rhonda, who he married three years ago.

Mr Wyllie immediately sent details of ASIL to Mr Lee and the deal was sewn up, with a speed which typifies Hong Kong's business style, in a few hours eight days ago. The rest of last week was taken with finalising details and obtaining stock exchange clearances.

Last October, ASIL reported an 18 per cent drop in after-tax profits to HK$113.4m for the first half of last year, partly caused by an absence of extraordinary items which had contributed HK$66m in the same period in the previous year.

But operating profits rose by 68 per cent to HK$111.3m on turnover 8 per cent up at HK$421.2m. ASIL's interests include a 48 per cent stake in UWL, an Australia-listed *investment company.*

Born in Perth, Mr Wyllie rescued the BSR electronics company in the UK in the early 1980s. The best known of the companies he turned round before BSR was Hutchison Whampoa, now controlled by Mr Li Ka-shing, one of Hong Kong's top tycoons.

"We've had a number of nibbles and offers for ASIL in recent months and I've been interested because it would be good to get up in the morning and not face a 10 to 12 hour working day," Mr Wyllie said last night.

He is thinking of "taking a year off," partly on his yacht, before deciding whether he has really retired or whether he should move back into more deals.

Mr Wyllie retains control of his private company, Asia Securities, which currently holds his interests in ASIL, and also has property investments in Australia worth an estimated A$50m to A$60m (US$47m) and in Hong Kong.

Bill Wyllie: thinking of taking a year off before deciding whether he really has retired

He denied he was losing faith in Hong Kong, and also rejected suggestions that he needed to raise cash because he had joined the ranks of Australia's debt-ridden companies.

"The press calls those people entrepreneurs," he said, "but that's wrong because an entrepreneur adds value – most of those guys are just financial promotors."

Westmore, an Allied subsidiary, initially will buy a 23 per cent stake in ASIL for HK$2.80 a share – last Friday's closing price was HK$2.10. This will total HK$336m and will be paid by April next year.

Westmore *has options* on a further 11.5 per cent for HK$168m, giving it a potential controlling total of 34.5 per cent, just under the point at which it would have to make a general offer.

A final 22.5 per cent will be placed with buyers by Mr Wyllie, or sold on the market or put into a trust, yielding approximately HK$250m more at last week's closing price.

Mr Lee will become ASIL's executive chairman and Mr Wyllie will step down to become deputy chairman. Mr Christopher Fullerton will remain managing director.

Mr Lee said that Allied would use ASIL as "a strategic *investment vehicle to expand* its existing portfolio".

There would be some rationalisation of assets with Allied which had restructured itself over the past two years into four basic areas – property investment, manufacturing, frozen food processing, and strategic investment.

In six years, Mr Lee has built the quoted Allied Group empire, which he controls through a 34.9 per cent stake, to a point where it has assets of more than HK$4bn.

There are eight quoted subsidiaries with interests in Australia, Japan, Singapore, Malaysia, Indonesia, Taiwan and *China.*

Mr Lee's style has come in for criticism from a number of quarters, including Hong Kong's Securities and Futures Commission, which accused him three years ago of breaching its takeover code.

Allied censures MD for backing rival merger bid

By Philip Gawith in Johannesburg

THE BOARD of Allied, the South African building society, has censured Mr Kevin de Vil*liers, its managing director, for* taking sides in the contested battle for control of the group.

First National Bank (FNB) and a consortium led by United Building Society have both made offers for Allied and whichever wins will form the country's largest financial services group.

Mr de Villiers has been outspoken in support of the FNB bid, an anomalous position given that the Allied board was party to four months' discussions which culminated in the United-led merger deal which Allied recommended to its *shareholders.*

Mr Norman Alborough, Allied's chairman, said in a statement to shareholders that Mr de Villiers had "despite requests and instructions . . . chosen to act in defiance of the Allied board".

He added: "Mr de Villiers does not speak on its behalf and these actions are prejudicial to the deliberations of Allied board members in the exercise of their fiduciary duties."

The statement said Mr de Villiers had been censured and had agreed to abide by a board decision that communication with the media, or any other party, would be strictly in accordance with board decisions and directives.

Mr de Villiers was previously an employee of FNB and contends that an Allied/FNB merger would be the happier marriage of cultures.

UBS maintain that Allied would find it easier to merge with them given they are both building societies in origin.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday February 11, 1991 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	49.6871	34.3722	38.9215
Albania	(Lek)	10.1366	5.0746	3.5105	3.9751
Algeria	(Dinar)	28.4629	14.2492	9.8572	11.1619
Andorra	(Fr Fr)	9.8425	4.9274	3.4086	3.8598
	(Sp Peseta)	181.85	91.0387	62.9783	71.3137
Angola	(Kwanza)	59.2745	29.6743	20.5279	23.2449
Antigua	(E Carr $)	5.3798	2.6932	1.8631	2.1097
Argentina	(Austral)	17978.45	9000.48	6226.3	7050.37
Aruba	(Florin)	3.5666	1.7855	1.2351	1.3986
Australia	(Aus $)	2.5570	1.2801	0.8855	1.0027
Austria	(Schilling)	20.315	10.1702	7.0354	7.9666
Azores	(Port Escudo)	255.25	127 785	88.3982	100.098
Bahamas	(Bahama $)	1.9975	1	0.6917	0.7833
Bahrain	(Dinar)	0.7345	0.3677	0.2543	0.288
Balearic Is	(Sp Peseta)	181.85	91.0387	62.9783	71.3137
Bangladesh	(Taka)	68.00	34.0425	23.5497	26.6666
Barbados	(Barb $)	4.0075	2.0062	1.3878	1.5715
Belgium	(Belg Fr)	59.60	29.8372	20.6406	23.3725
Belize	(B $)	3.9850	1.9949	1.38	1.5627
Benin	(CFA Fr)	492.13	246 373	170.435	192.992
Bermuda	(Bermudian $)	1.9975	1	0.6917	0.7833
Bhutan	(Ngultrum)	37.00	18.5231	12.8138	14.5098
Bolivia	(Boliviano)	6.8941	3.4513	2.3875	2.7035
Botswana	(Pula)	3.6592	1.8318	1.2672	1.4349
Brazil	(Cruzeiro)	440.605	220.578	152 59	172.786
Brunei	(Brunei $)	3.4010	1 7026	1.1778	1.3337
Bulgaria	(Lev)	5.3665	2.6866	1.8585	2.1045
Burkino Faso	(CFA Fr)	492.13	246.373	170.435	192.992
Burma	(Kyat)	11.578	5.7962	4.0096	4.5403
Burundi	(Burundi Fr)	317.50	158.949	109.957	124.51
Cambodia	(Riel)	918.85	460	318.216	360.333
Cameroon	(CFA Fr)	492 13	246.373	170.435	192.992
Canada	(Canadian $)	2 3100	1.1564	0.8	0 9058
Canary Is	(Sp Peseta)	181.85	91.0387	62.9783	71 3137
Cp. Verde	(CV Escudo)	128.7155	64.4382	44.5767	50.4766
Cayman Is	(CI $)	1.6538	0 8279	0.5727	0.6485
Cent. Afr. Rep	(CFA Fr)	492.13	246.373	170.435	192 992
Chad	(CFA Fr)	492.13	246 373	170 435	192 992
Chile	(Chilean Peso)	673.820	337.332	233.358	264.243
China	(Renminbi Yuan)	10.465	5.239	3.6242	4.1039
Colombia	(Col Peso)	1149.41	575.424	398.064	450.749
Comoros	(CFA Fr)	492.13	246.373	170.435	192.992
Congo (Brazz)	(CFA Fr)	492.13	246 373	170.435	192.992
Costa Rica	(Colon)	216.6445	108.458	75.0283	84.9586
Côte d'Ivoire	(CFA Fr)	492.13	246.373	170.435	192.992
Cuba	(Cuban Peso)	1.5870	0.7944	0.5496	0.6223
Cyprus	(Cyprus £)	0.8400	0.4205	0.2909	0.3294
Czechoslovakia	(Koruna)	51.84c	25.9524	17.9532	20.3294
		53 67t	26.8685	18.587	21.047
Denmark	(Danish Kroner)	11.1600	5 5869	3.8649	4.3764
Djibouti Rep	(Djib Fr)	345.00	172.716	119.481	135.294
Dominica	(E Carrib $)	5.3798	2.6932	1.8631	2.1097
Dominican Rep	(D Peso)	22.6149	11.3216	7.832	8.8685
Ecuador	(Sucre)	1931.79o	967.104	669.018	757.565
		1893.25a	947 81	655.671	742.451
Egypt	(Egyptian £)	5.9100	2.9586	2.0467	2.3176
El Salvador	(Colon)	16.1916	8.1059	5 6074	6.3496
Equat'l Guinea	(CFA Fr)	492.13	246.373	170.435	192.992
Ethiopia	(Ethiopian Birr)	4.0946	2.0498	1.418	1 6057
Falkland Is	(Falk £)	1.00	0.5006	0.3463	0.3921
Faroe Is	(Danish Kroner)	11.1600	5.5869	3.8649	4.3764
Fiji Is	(Fiji $)	2.8430	1.4232	0.9845	1.1149
Finland	(Markka)	7 0445	3.5266	2.4396	2.7625
France	(Fr)	9.8425	4.9274	3.4086	3 8598
Fr. Cty/Africa	(CFA Fr)	492.13	246 373	170.435	192.992
Fr Guiana	(Local Fr)	9.8425	4.9274	3.4086	3 8598
Fr. Pacific Is	(CFP Fr)	175.00	87.6095	60.606	68.6274
Gabon	(CFA Fr)	492 13	246.373	170.435	192.992
Gambia	(Dalasi)	14.6010	7.3096	5.0566	5.7258
Germany	(D-Mark)	2.8875	1.4455	1	1.1323
Ghana	(Cedi)	680.00	340.426	235 498	266.667
Gibraltar	(Gib £)	1.00	0.5006	0 3463	0.3921
Greece	(Drachma)	309.58	154 984	107 214	121.404
Greenland	(Danish Krone)	11.1600	5.5869	3 8649	4 3764
Grenada	(E Carr $)	5.3798	2 6932	1 8631	2 1097
Guadaloupe	(Local Fr)	9 8425	4 9274	3.4086	3.8598
Guam	(US $)	1 9975	1	0 6917	0 7833
Guatemala	(Quetzal)	10.2395	5.1261	3 5461	4 0154
Guinea	(Fr)	1235.35a	618.448	427 827	484.451
		597.75n	299.249	207.013	234 412
Guinea-Bissau	(Peso)	1295.125	648.373	448.528	507 892
Guyana	(Guyanese $)	88 70	44.4055	30 7186	34 7843
Haiti	(Goude)	9.9625	4 9874	3.4502	3 9068
Honduras	(Lempira)	11 1397	5.5768	3 8579	4.3685
Hong Kong	(HK $)	15.5110	7.7652	5.3717	6 0827
Hungary	(Forint)	137 3490	68.7604	47 5667	53 8623
Iceland	(Icelandic Krona)	106.88	53.5068	37 0147	41.9137
India	(Indian Rupee)	37.00	18 5231	12.8138	14 5098
Indonesia	(Rupiah)	3810.955	1907 86	1319.81	1494 49
Iran*	(Rial)				
Iraq	(Iraqi Dinar)	0.5936	0 2971	0 2055	0 2327
Irish Rep	(Punt)	1.0885	0.5449	0.3769	0 4268
Israel	(Shekel)	3.9645	1.9847	1 3729	1.5547
Italy	(Lira)	2180 75	1091.74	755.238	855 196
Jamaica	(Jamaican $)	15.575	7.7972	5.3939	6 1078
Japan	(Yen)	255.00	127.66	88.3116	100
Jordan	(Jordanian Dinar)	1 2903	0.6459	0.4468	0 506
Kenya	(Kenya Shilling)	48.8760	24 4685	16.9267	19 167
Kiribati	(Australian $)	2.5570	1.2801	0 8855	1 0027
Korea North	(Won)	1.9327	0.9675	0.6693	0 7579
Korea South	(Won)	1435 85	718 824	497 264	563 078
Kuwait ‡	(Kuwaiti Dinar)				
Laos	(New Kip)	1394.75	698.248	483.03	546 961
Lebanon	(Lebanese £)	2181.10	1091 91	755 359	855 333
Lesotho	(Maluti)	5.0295	2.5178	1.7418	1 9723
Liberia	(Liberian $)	1.9975	1	0 6917	0 7833
Libya	(Libyan Dinar)	0.5256	0 2631	0 182	0 2061
Liechenstein	(Swiss Fr)	2 4675	1.2352	0.8545	0 9676
Luxembourg	(Lux Fr)	59.60	29 8372	20 6406	23 3725
Macao	(Pataca)	16 0482	8 0341	5 5578	6.2934
Madagascar	(MG Fr)	2646.00	1324 66	916 364	1037.65
Madeira	(Port Escudo)	255.25	127 785	88 3982	100 098
Malawi	(Kwacha)	5 0251	2.5156	1 7402	1 9706
Malaysia	(Ringgit)	5.3480	2.6773	1 8521	2 0972
Maldive Is	(Rufiya)	19 1280	9.5759	6 6244	7.5011
Mali Rep	(CFA Fr)	492.13	246 373	170 435	192 992
Malta	(Maltese £)	0.5835	0 2921	0.202	0 2288
Martinique	(Local Fr)	9 8425	4 9274	3.4086	3 8598
Mauritania	(Ouguiya)	152.0676	76 1289	52 6641	59 6343
Mauritius	(Maur Rupee)	27.25	13 642	9 4372	10.6862
Mexico	(Mexican Peso)	5915 68e	2961.54	2048 72	2319 87
		5890.23d	2948 8	2039 91	2309.89
Miquelon	(Local Fr)	9 8425	4 9274	3 4086	3 8598
Monaco	(French Fr)	9.8425	4.9274	3 4086	3 8598
Mongolia	(Tugrik)	6.6858	3.347	2 3154	2 6218
Montserrat	(E Carr $)	5.3798	2.6932	1.8631	2.1097
Morocco	(Dirham)	15.6815	7.8505	5 4308	6 1496
Mozambique	(Metical)	2020 37	1011.45	699.695	792 302
Namibia	(S A Rand)	5.0295	2.5178	1.7418	1.9723
Nauru Is	(Australian $)	2.5570	1 2801	0.8855	1 0027
Nepal	(Nepalese Rupee)	60.5720	30.3239	20 9773	23 7537
Netherlands	(Guilder)	3.2525	1.6282	1 1264	1.2754
N'nd Antilles	(A/Guilder)	3 5666	1 7855	1 2351	1 3986
New Zealand	(NZ $)	3.3085	1 6563	1.1458	1 2974
Nicaragua	(Cordoba)	8767000.0	4388986	3036190	3438039
Niger Rep	(CFA Fr)	492 13	246 373	170.435	192 992
Nigeria	(Naira)	18.7295	9 3764	6.4864	7 3449
Norway	(Nor. Krone)	11 3250	5 6695	3 922	4 4411
Oman	(Rial Omani)	0 7657	0 3833	0 2651	0.3002
Pakistan	(Pak Rupee)	43 60	21.8272	15.0995	17.098
Panama	(Balboa)	1.9975	1	0.6917	0.7833
Papua New Guinea	(Kina)	1.8769	0.9396	0.65	0.736
Paraguay	(Guarani)	2629.73	1316.51	910.729	1031.27
Peru	(New Sol)	1 0779	0.5396	0.3732	0.4227
Philippines	(Peso)	53.00	26.5331	18.3549	20.7843
Pitcairn Is	(£ Sterling)	1.00	0.5006	0.3463	0.3921
	(NZ $)	3 3085	1 6563	1.1458	1.2974
Poland	(Zloty)	18966.0	9494.87	6568.31	7437.65
Portugal	(Escudo)	255 25	127 785	88.3982	100.098
Puerto Rico	(US $)	1 9975	1	0.6917	0.7833
Qatar	(Riyal)	7.2446	3.6268	2.5089	2.841
Reunion Is. de la	(F/Fr)	9 8425	4 9274	3.4086	3.8598
Romania †	(Leu)	68.44	34.2628	23.7021	26.8392
Rwanda	(Fr)	234.69	117 492	81 2779	92.0352
St Christopher	(E Carr $)	5 3798	2 6932	1.8631	2.1097
St Helena	(£)	1 00	0.5006	0.3463	0.3921
St Lucia	(E Carr $)	5 3798	2.6932	1.8631	2.1097
St Pierre	(French Fr)	9.8425	4.9274	3.4086	3.8598
St Vincent	(E Carr $)	5.3798	2.6932	1.8631	2.1097
San Marino	(Italian Lira)	2180.75	1091.74	755.238	855.196
Sao Tome	(Dobra)	300.2698	150.323	103.99	117.753
Saudi Arabia	(Riyal)	7.4625	3.7359	2.5844	2.9264
Senegal	(CFA Fr)	492.13	246.373	170.435	192.992
Seychelles	(Rupee)	9.6000	4.806	3.3246	3.7647
Sierra Leone	(Leone)	366.70	183.579	126.996	143.804
Singapore	($)	3.4010	1.7026	1.1778	1.3337
Solomon Is	($)	5 1420	2.5742	1.7807	2.0164
Somali Rep	(Shilling)	5220 35	2613.44	1807.91	2047.2
South Africa	(Rand)	5.0295c	2 5178	1.7418	1.9723
		6 2605g	3.1341	2.1681	2.455
Spain	(Peseta)	181 85	91 0387	62.9783	71.5137
Spanish Ports In N Africa	(Sp Peseta)	181 85	91.0387	62.9783	71.3137
Sri Lanka	(Rupee)	79 00	39.5494	27.3593	30.9803
Sudan Rep	(£)	8.9663	4 4887	3.1052	3.5161
		22 8141	11 4213	7.9009	8.9467
Surinam	(Guilder)	3.5566	1.7805	1.2317	1.3947
Swaziland	(Lilangeni)	5.0295	2 5178	1.7418	1.9723
Sweden	(Krona)	10.8825	5.448	3.7688	4.2676
Switzerland	(Fr)	2.4675	1.2352	0.8545	0 9676
Syria	(£)	41 8425	20.9474	14.4909	16.4088
Taiwan	($)	54.05	27.0588	18.7186	21.196
Tanzania	(Shilling)	389 5338	195.011	134.903	152.758
Thailand	(Baht)	48 50	24 2803	16.7965	19.0196
Togo Rep	(CFA Fr)	492 13	246.373	170.435	192.992
Tonga Is	(Pa Anga)	2.5570	1 2801	0.8855	1.0027
Trinidad/Tobago	($)	8.4681	4 2393	2.9326	3.3208
Tunisia	(Dinar)	1 6302	0 8161	0.5645	0.6392
Turkey	(Lira)	6064.62	3036 11	2100.3	2378.28
Turks & Caicos	(US $)	1.9975	1	0.6917	0.7833
Tuvalu	(Australian $)	2 5570	1.2801	0.8855	1.0027
Uganda	(New Shilling)	1133 31	567.364	392.488	444.435
U A E	(Dirham)	7 3095	3.6593	2.5314	2.8664
United Kingdom	(£)	1 00	0 5006	0.3463	0.3921
United States	(US $)	1 9975	1	0.6917	0.7833
Uruguay	(Peso)	3314 27	1659.21	1147.8	1299.71
USSR	(Rouble)	1 0837	0.5425	0.3753	0.4249
		3.2511	1 6275	1.1259	1.2749
Vanuatu	(Vatu)	213.00	106 633	73 7662	83.5294
Vatican	(Lira)	2180.75	1091 74	755.238	855.196
Venezuela	(Bolivar)	106 284	53 2085	36.8083	41.68
Vietnam	(Dong)	14346.00	7181.98	4968.31	5625.88
Virgin Is-British	(US $)	1 9975	1	0.6917	0.7833
Virgin Is-US	(US $)	1.9975	1	0.6917	0 7833
Western Samoa	(Tala)	4.5449	2.2752	1.5739	1.7823
Yemen	(Rial)	24.0096	12.0198	8.315	9.4155
Yemen PDR	(Dinar)	0 9185	0 4598	0.318	0.3601
Yugoslavia	(Dinar)	26.1170	13.0748	9.0448	10.2419
Zaire Rep	(Zaire)	3975.00	1989.99	1376.62	1558.82
Zambia	(Kwacha)	95 2415	47.6803	32.984	37.3496
Zimbabwe	($)	5 3010	2.6538	1.8358	2.0788

Special Drawing Rights February 8, 1991 United Kingdom £0 731921 United States $1.45323 Germany D Mark 2 12026 Japan Yen186 667
European Currency Unit Rates February 11, 1991 United Kingdom £0.706508 United States $1.40666 Germany D Mark 2 04528 Japan Yen179 419

Abbreviations (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports, (g) Financial rate; (h) Exports, (i) Non commercial rate, (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate, (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate. (t) Tourist rate (u) Currencies fixed against the US Dollar.‡Kuwaiti Dinar unavailable. *Iran Rial unavailable.
Some data supplied by Bank of America. Economics Department, London Trading Centre. Enquiries 071 634 4360/5.
Monday February 11, 1991

INTERNATIONAL CAPITAL MARKETS

Bonds advance as traders anticipate further rate cut

By Patrick Harverson in New York and Tracy Corrigan in London

BOND prices maintained their steady climb upwards yesterday morning as dealers and investors anticipated that economic indicators out this week would persuade the Federal Reserve to cut interest rates again.

At midday, the benchmark 30-year Treasury bond was up 5/16 at 99 5/16, to yield 7.938 per cent. The short end of the market was firmer, with the two-year note bid up 1/16 to 100 3/16, yielding 6.740 per cent.

Investors are buying bonds because they believe interest rates have further to fall. Tomorrow retail sales for January will be announced, and a decline in sales is forecast.

On Friday, the producer price index for January will be released, with December merchandise trade figures, and January industrial production and capacity utilisation data.

The market expects the statistics to confirm that the economy is still slowing and that the inflation threat is waning. If this is the case, the Fed may decide to reduce borrowing rates for the second time in a fortnight.

Fed funds traded steadily at 6 5/16 per cent after the Fed arranged $2.5bn of customer repurchases in an attempt to keep the rate from rising too far above its target of 6¼ per cent.

■ DISAPPOINTING UK producer prices took the impetus out of last week's gilt market rally, founded on expectations that UK base rates were soon to be cut. Gilt prices lost earlier gains to end little changed.

But despite a 1.2 per cent rise in UK output prices, dealers remained confident that a rate reduction was on the cards in the short to medium term. They drew comfort from contributory factors such as high oil prices.

The prospects of a rate cut are now closely tied to retail prices data, due to be released on Friday, according to Simon Briscoe, an economist at Midland Montagu. He forecasts a fall in the annual inflation rate to 9 per cent from 9.3 per cent, and says that a figure below 9 per cent is likely to trigger a further buying spree in the gilts market.

■ IN THE German bond market, prices ended slightly higher, but dealers said the market was now due for a correction. "The market is overbought, and there are no retail investors at this level," one dealer said. He added that international interest was dwindling too, and that when prices slipped from their highs, there were signs that profit-takers were starting to move in.

■ FRENCH government bond prices also ended off their highs, up about ¼ point from Friday's close. The short end of the market was boosted by increasing confidence that the Bank of France would not have to raise rates in line with last month's Bundesbank rate increase, dealers said.

■ THE JAPANESE government bond market is closed for a National Foundation Day holiday.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-18	-3/32	11.00	11.40	11.48
		9.000	03/00	93-28	-2/32	10.05	10.12	10.45
		9.000	10/08	93-08	-2/32	9.80	9.83	10.11
US TREASURY *		7.750	02/01	98-26	+1/32	7.78	7.89	8.18
		7.875	02/21	99-01	+0/32	7.96	8.08	8.35
JAPAN	No 119	4.800	06/99	90.1577	+0.123	6.63	6.80	8.80
	No 129	6.400	03/00	100.3174	+0.231	6.34	6.66	6.55
GERMANY		9.000	01/01	103.8700	+0.020	8.41	8.56	8.93
FRANCE	BTAN	9.000	02/96	98.3460	+0.254	9.43	9.86	10.25
	OAT	9.500	01/01	102.1700	-0.030	9.15	9.45	9.86
CANADA *		10.500	03/01	106.5750	+0.850	9.47	9.88	10.15
NETHERLANDS		9.250	11/00	103.4700	+0.130	8.70	8.86	9.24
AUSTRALIA		13.000	07/00	109.9551	+0.516	11.26	11.38	12.22
BELGIUM		10.000	08/00	104.5000	+0.050	9.25	9.27	9.69

London closing, *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds, others in decimal

Technical Data/ATLAS Price Sources

Sydney seeks to attract investors

THE AUSTRALIAN state of New South Wales yesterday announced two measures aimed at encouraging the growth of Sydney as a financial centre in the Asia-Pacific region, AP-DJ reports from Sydney.

Mr Nick Greiner, state premier, said a stamp duty tax on listed share transactions would be phased out and a form of limited-liability partnership introduced to attract investors.

He said abolishing the stamp duty on share transactions was needed because other financial centres, including the UK, planned similar steps.

The Australian Stock Exchange says it loses up to 40 per cent of trade in Australian shares to overseas exchanges because of extra costs involved in the stamp duty.

New South Wales, Australia's biggest state, plans to abolish the duty on buying shares from November and on selling shares by March 1993.

Stamp duties are state taxes in Australia, so other states must take similar steps or risk losing share trading in their cities.

The stock exchange welcomed Mr Greiner's announcement, saying that at 0.6 per cent on a total trade, the duty could double the cost of a large-share transaction.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on February 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	102¼	+¼	7.92
ALBERTA PROVINCE 9 3/8 95	600	104½	104¾	+¼	8.17
AUSTRIA 8 1/2 00	400	100¾	100¾	+½	8.44
BANK OF TOKYO 8 3/8 96	100	98¾	99¾	+¼	8.64
BELGIUM 9 1/8 92	400	101¾	102¼	–¼	7.95
BFCE 7 3/4 97	150	97¾	98	+¼	8.26
BNP 8 5/8 94	300	102	102¾	+¼	7.92
BP CAPITAL 9 5/8 93	150	102¾	103¼	–¼	8.02
CANADA 9 96	1000	104¼	104¾	+¼	7.88
CARCO 9 1/4 96	650	98½	99¼	+¼	9.59
CCCE 9 1/4 95	300	104¾	104¾	+¼	7.94
COUNCIL EUROPE 8 96	100	99½	99¾	+¼	8.10
CREDIT FONCIER 9 1/2 99	300	105¾	106¼	+¾	8.46
DENMARK 0 98	250	53¾	54¼	–½	8.68
DENMARK 8 1/4 94	150	101	101¾	+¼	7.89
ECSC 8 1/4 96	193	100¼	101¼	+¼	8.07
EEC 7 1/4 93	250	99¾	100¼	+¼	7.38
EIB 7 3/4 96	250	98¾	99¼	+¼	8.00
EIB 9 1/4 97	600	104¾	105¼	+¾	8.27
ELEC DE FRANCE 9 98	200	103¾	103¾	+¼	8.34
EUROFIMA 9 1/4 96	100	103¼	104¼	+¼	8.31
EXPORT DEV CORP 9 1/2 98	150	105¼	105¾	–¼	8.50
FINLAND 7 7/8 97	200	97	97¾	–¼	8.54
FINNISH EXPORT 9 3/8 95	200	104¾	105	+¼	8.13
FORD MOTOR CREDIT 9 1/2 93	300	101¼	101¾	–¼	8.92
GEN ELEC CAPITAL 9 3/8 96	300	104¾	104¾	+¼	8.31
GMAC 9 1/8 96	200	100	100½	+¾	9.12
HALIFAX 9 1/2 93	200	102¾	103½		8.07
IBM WORLD TRADE 7 5/8 93	150	99¼	100¼	+¾	7.92
IND BK JAPAN FIN 7 7/8 97	200	96¾	97¾	+¼	8.54
INTER AMER DEV 7 5/8 96	200	97¾	97¾	+¼	8.21
ITALY 8 1/2 94	1500	102¼	102¾	+¼	7.80
JAPAN DEV BK 8 94	150	100¾	101¾	+¼	7.67
KANSAI ELEC PWR 10 96	350	105¼	106¾	+¼	8.56
LTCB 8 5/8 93	150	101	101½		8.07
NEW ZEALAND 8 93	100	100¼	100¾	+¼	7.85
NIPPON CRED BK 9 3/4 93	150	103¼	103¾	–¼	8.36
NIPPON TEL & TEL 9 3/8 95	200	104¼	104¾		8.14
NORDIC INV BANK 9 93	200	102¾	103¼		7.60
ONTARIO HYDRO 11 5/8 94	200	109¾	110¼	+¼	7.94
OSTER KONTROLLBANK 8 1/8 93	200	101¼	101¾	+¼	7.45
PETRO-CANADA 7 1/4 96	200	95¼	96¾	+¼	8.26
PRUDENTIAL RLTY SECS 0 99	365.216	50	50½	+¼	9.14
QUEBEC HYDRO 9 3/4 98	150	104½	105¼	–¼	8.90
QUEBEC PROV 9 98	200	101½	102¼	–¼	8.70
SAINSBURY 9 1/8 96	150	102½	103	+¼	8.53
SAS 10 99	200	99¾	100¾	–¾	10.02
SBAB 9 1/2 95	500	104¾	104¾	+¼	8.16
STATE BK STH AUST 9 1/4 93	100	102	104	–¼	8.12
SUMITOMO BK CAP MKT 9 3/8 93	150	102½	103	–¼	8.31
SWEDEN 8 1/8 94	150	99¾	100¾	–¾	8.19
SWEDISH EXPORT 9 5/8 93	100	103¾	104¼	+¼	7.50
TOKYO METROPOLIS 8 1/4 96	200	100¼	100¾	+¼	8.21
WORLD BANK 8 3/8 99	1500	101	101¼	+¾	8.38
WORLD BANK 8 3/4 97	1500	103¾	103¼	+¾	8.14
XEROX CORPN 8 3/8 96	100	95¼	96¾	+¾	9.51

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	97¼	97¼	+¼	8.90
AUSTRIA 6 98	400	84¼	84½	–1¼	9.09
CNT 6 1/8 98	200	84½	84¾	+1	8.99
CREDIT FONCIER 6 3/4 99	500	87¼	87¾	+¼	9.05
DEUTSCHE BK FIN 5 5/8 96	750	87½	87½	+¾	8.66
EEC 5 3/8 93	300	94¾	94¾	+¾	8.71
EIB 6 1/8 96	300	87¾	87¾	+¾	9.11
EIB 6 7/8 95	300	93¼	93¼	+1¼	8.69
EUROFIMA 6 1/4 98	400	84¾	84¾		9.15
FELDMUEHLE FINANCE 8 99	200	93¾	93¾	+¼	9.05
FERRO DEL STAT 5 3/8 93	500	94¼	94¼	–¼	8.74
IND BK JAPAN FIN 5 5/8 96	200	85¾	85¾	+¾	9.21
INTER AMER DEV 7 1/4 99	300	91¾	91¾	+1	8.73
LUFTHANSA INT FIN 5 7/8 98	500	83¾	83¾	–¼	9.04
QUEBEC HYDRO 6 3/4 99	300	87¼	87¼	+¼	9.02
SWEDEN 6 1/8 98	300	86¼	86¾		8.78
WORLD BANK 0 15	2000	16¾	16¾		7.48
WORLD BANK 5 3/4 96	300	86¾	86¾	–¼	9.14
WORLD BANK 7 1/8 95	500	94¼	94¾	–¼	8.96

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	88½		+¼	7.10
AUSTRIA 4 5/8 98	100	90½	91¼	+1	6.35
CHUJITSUYA 7 3/4 95	50	102½		+1	7.07
COUNCIL EUROPE 4 3/4 98	250	87½	88		7.07
EEC 5 1/2 00	100	90½	91½	–¾	6.86
EIB 5 3/4 93	100	98½	99	–½	6.36
ELEC DE FRANCE 7 1/4 06	100	103¼	103¾	+¼	6.89
FINLAND 5 3/8 95	150	95	95½		6.63
GENERAL MOTORS 7 1/2 95	100	101	102½	–1	7.21
JAPAN DEV BK 5 1/2 94	100	96½	97¼		6.83
NEW ZEALAND 4 7/8 99	200	88¾	89	–¼	6.79
QUEBEC HYDRO 5 08	100	79	80	+½	7.17
SKANDINAVISKA ENSK 6 1/2 95	100	97½	98¼	+½	7.25
WORLD BANK 5 03	150	85¾	86		6.75
WORLD BANK 7 1/4 92	100	100	100¾		7.20

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	94¼	94½		6.98
CANADA 4 3/8 92	80000	96½	96¾		7.11
CREDIT FONCIER 5 1/4 94	20000	94¼	94¾		7.03
DENMARK 7 95	40000	100½	100¾	–¼	6.85
EIB 4 5/8 94	40000	93½	93¾		6.93
GENERAL ELECTRIC 5 3/4 93	35000	96¾	97¼	+½	7.43
INTER AMER DEV 7 1/4 00	30000	103¾	103¾	+¼	6.71
ITALY 5 3/4 92	150000	98¾	98¾		7.19
KANSAI ELEC PWR 4 5/8 94	60000	93¼	93¾		7.08
NIPPON TEL & TEL 5 7/8 96	50000	96¼	96½	+¼	6.69
NORWAY 5 1/8 95	50000	93¾	94¼		6.87
SWEDEN 5 5/8 95	20000	95¼	95¾	+¼	6.88
WORLD BANK 6 3/4 00	50000	100¼	100¾		6.67

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AMRO BANK 6 1/4 92 FI	150	94¾	95¼	–¼	10.02
RABOBANK 5 3/4 93 FI	150	92¾	93¼	–¼	10.03
ALBERTA PROVINCE 10 92 C$	500	100¼	100½	+¼	9.72
BCE INC 9 5/8 93 C$	300	98¾	99¼	+¼	10.31
BELL CANADA 10 5/8 99 C$	150	101¼	101¾	+¼	10.39
BRITISH COLUMBIA 9 1/4 95 C$	150	98¾	98¾	+¼	10.15
EIB 10 1/8 98 C$	130	101¼	101¾	+¼	9.84
FORD CREDIT CANADA 10 94 C$	100	98¼	98¾	+¼	10.62
GENERAL ELECT CAP 10 1/4 93 C$	175	100¾	101¼	+¼	9.81
MONTREAL TRUSTCO 8 1/2 92 C$	100	97½	98¼	+¼	10.69
ONTARIO HYDRO 10 7/8 99 C$	500	102¼	103	+¼	10.35
QUEBEC PROV 10 1/2 98 C$	200	99¾	100¼	+¼	10.51
ROYAL TRUSTCO 10 1/4 93 C$	100	98¾	99¼	+¼	10.84
SWEDEN 9 3/4 95 C$	250	99¾	100¼	+¼	9.90
AUSTRIA 7 3/8 93 Ecu	125	94¼	94¾	+¼	10.47
CNT 7 3/8 93 Ecu	250	93	94¼	–¼	10.32
CREDIT LYONNAIS 9 96 Ecu	125	94¾	95½	–¼	10.42
DENMARK 7 5/8 96 Ecu	250	90¾	91¼	+¼	10.01
EEC 7 5/8 94 Ecu	200	95¾	96¼	+¼	9.29
EIB 10 97 Ecu	1125	103¾	104	+¼	9.16
ITALY 10 3/4 00 Ecu	1000	108¾	108½	+¼	9.34
SWEDEN 7 1/2 93 Ecu	250	92¾	93¾	–¼	10.87
BMW FINANCE 14 1/2 92 A$	100	102¼	102¾		12.35
COUNCIL EUROPE 13 93 A$	50	100¼	101¼	–¼	12.83
EKSPORTFINANS 12 3/8 95 A$	75	102½	103	+¼	11.56
FORD CRED AUST 13 93 A$	50	99¾	100½		13.26
ICI 15 1/2 92 A$	100	103¼	103¾		12.58
MCDONALDS CANADA 15 95 A$	100	107¼	107¾	+½	12.68
NAT AUSTRALIA BANK 14 3/4 94 A$	150	105½	106	+½	12.45
STATE BK NSW 14 1/4 99 A$	100	108¼	108¾	+¼	12.57
VOLKSWAGEN INTL 15 94 A$	100	106¼	106¾	+¼	12.50
ABBEY NATL TREAS 13 3/8 95 £	100	105	105½		11.74
BARCLAYS JERSEY 9 1/2 93 £	250	95¾	95¾	+¼	12.03
BRITISH GAS 12 3/4 95 £	150	104¼	105¼	+¼	11.21
DEUTSCHE BK FIN 11 94 £	225	99¼	99¾		11.38
EIB 10 97 £	300	96¼	96¾	+¼	10.82
FORD CREDIT FUNDING 9 5/8 93 £	50	94¼	94¾	+¼	12.84
INTER AMER DEV 11 3/8 95 £	75	101	101½		11.09
ITALY 10 1/2 14 £	400	94¾	94¾	+¼	11.18
LAND SECS 9 1/2 07 £	200	81¼	81½	+¼	12.21
LEEDS PERMANENT 9 1/4 93 £	50	94¼	94¾		12.21
NORWAY 10 1/2 94 £	200	98¼	98¾	+¼	11.22
ROLLS-ROYCE 9 5/8 93 £	150	94¾	94¾	+¼	12.42
SAINSBURY 10 7/8 93 £	100	98¼	98¾	+¼	12.00
SKANDINAVISKA ENSK 13 1/8 95 £	100	103¾	104¼	+¼	11.89
WORLD BANK 11 1/4 95 £	100	100¼	100¾	–¼	11.10
ABBEY NATIONAL 0 96 NZ$	100	49¾	50¾	–¼	13.11
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	100¼	101¼	+¼	12.92
AIDC 7 7/8 93 FFr	600	95¼	96½	+¼	9.74
CREDIT LYONNAIS 10 95 FFr	2000	100¾	100¾	+¼	9.86
EURATOM 7 5/8 98 FFr	500	90¼	91¼	+¼	9.40

FLOATING RATE NOTES	Spread	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.83	99.93	14.1250
ALBERTA PROVINCE 1/32 93	500	99.93	100.03	7.3438
ALLIANCE & LEICS 0.08 94 £	300	99.19	99.29	14.1425
BANCO SANTO SPIRITO 93	200	99.55	99.65	8.4375
BELGIUM 1/16 97 DM	500	99.98	100.08	8.8125
BFCE -0.02 96	350	99.85	99.95	7.7925
BNP 05	300	98.70	98.80	7.4375
BRITANNIA 1/10 96 £	150	98.88	98.98	14.1625
COMMERZBK O/S FIN 93	200	99.61	99.71	7.9375
DENMARK -1/8 96	1000	98.95	99.05	8.0000
FERRO DEL STAT 94	200	100.22	100.32	8.2500
HALIFAX 1/10 94 £	200	99.45	99.55	13.9750
MITSUI FIN ASIA 1/8 96	100	99.10	99.20	8.1875
MORGAN (JP) 1/4 97	250	95.00	95.25	8.4375
NEW ZEALAND 99	500	99.56	99.66	8.0625
QUEBEC PROV 01	300	97.02	97.20	8.1250
RENFE 98	500	99.78	99.88	7.8750
SOCIETE GENERALE 96	300	98.75	98.85	8.0000
STATE BK VICTORIA 0.05 99	125	97.90	98.15	7.8625
UNITED KINGDOM -1/8 96	4000	100.05	100.08	7.9375

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	110¾	112¾	+17.23
ASDA-MFI 4 3/4 02 £	100	1.64	110¾	111¾	+63.66
BURTON GROUP 4 3/4 01 £	110	3.15	108¾	110¼	
EASTMAN KODAK 6 3/8 01	300	50.67	101	102	+11.86
GOLD KALGOORLIE 7 1/2 00	65	1.0564	57¼	58¾	+45.82
GOODYEAR TIRE 6 7/8 03	150	80¼	59¼	60¼	
GRACE (WR) 6 1/4 02	150	42½	83¾	84¾	+30.08
GRAND MET 6 1/4 02 £	100	6.58	107¼	108¼	+2.01
HAWLEY 6 02 PREF	400	1.91	90¾	92¼	+48.31
HILLSDOWN 4 1/2 02 £	150	4.16	102½	103¾	
INTL PAPER 5 3/4 02	200	68½	98¼	99¼	+10.38
LAND SECS 6 3/4 02 £	84	6.72	89¾	90¾	+9.09
MITSUBISHI BK 1 3/4 02	300	2727.1	104¼	106¼	-1.06
OGDEN 6 02	85	39.077	72¾	74¼	+25.49
PACIFIC DUNLOP 6 3/4 97	75	3.749	106½	108	+1.33
TEXAS INSTRUMENTS 2 3/4 02	300	82¾	82¾	83¾	+63.27
THORN EMI 5 3/4 04 £	103	7.45	106¾	107¾	+25.78

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Continued on Page 21

INTERNATIONAL CAPITAL MARKETS

Banco Central in novel issue

BANCO CENTRAL, the Spanish bank, yesterday broke ground by launching a novel form of near-equity capital into the international bond market, writes Simon London.

The Ecu50m deal, to be priced tomorrow, offers investors the right to convert into Banco Central ordinary shares at a price 5 per cent above the current share price. It carries an indicated coupon of 10-10½ per cent.

However, unlike the near-equity convertible capital bonds which have been issued by some UK companies, conversion into equity is mandatory. Holders of bonds which are not converted will receive redemption payments only in the form of shares at the fixed conversion price.

A representative of Merrill Lynch, which lead-managed the deal, described the issue as more akin to a deferred equity placement than a conventional convertible bond issue. Demand for the bonds was reported mainly from European institutional equity investors. For Banco Central, the bond issue will bolster "core" Tier I capital under the Basle rules on international bank capital adequacy.

The shares into which the bonds convert are held by a special subsidiary of Banco Central and are deducted from core capital under the Basle rules. However, the shares are not deducted from capital once the bond issue has been made, effectively boosting the capital resources of the bank. Coupon payments on the bonds will be tax deductible for the issuer.

At the end of the last financial year, Banco Central had an equity:assets ratio of more than 5 per cent. Under the Basle rules, international banks will have to achieve a target ratio of 4 per cent or more by March 1993.

However, other less capitalised banks will be following the progress of the issue with keen interest.

International Finance Corp $300m deal well received

By Simon London

THE SUPPLY of dollar-denominated paper continued in the international bond market yesterday with a $300m offering from the International Finance Corporation.

The seven-year paper carrying an 8¼ per cent coupon was priced at a fixed reoffer price of 99.84, for a yield spread of 49 basis points over comparable US treasury stock.

The paper met firm demand, assisted by a maturity shorter than the $2.8bn of 10-year dollar paper launched last week. The paper was bid at the fixed reoffer price of 99.84 in late afternoon after the bonds were freed to trade. The lead manager was Deutsche Bank Capital Markets.

Crédit National capitalised on the bullish tone of the French franc bond market so far this year with a FFr1bn deal, later increased to FFr1.5bn, lead managed by Paribas Capital Markets.

The five-year paper carries a coupon of 9⅝ per cent. At the fixed reoffered price of 99.70, the spread over French treasury paper stood at 50 basis points.

However, French government bonds slipped back during the afternoon and the

INTERNATIONAL BONDS

Crédit National paper followed suit, although the yield spread was maintained. Towards late afternoon the bonds were quoted at 99.50 bid.

Hydro Quebec, the Canadian power company, followed last week's US$300m issue with a C$300m 10-year deal. The paper will be priced today by lead manager Merrill Lynch, at an indicated spread of 108 basis points over Canadian government bonds.

The European Investment Bank tapped the Belgian bond market with a BFr7bn issue lead managed by Générale de Banque. The eight-year bearer bonds carried a coupon of 9¼ per cent and was priced at 101.05.

The Belgian market is now open to overseas investors, who no longer pay withholding tax. However, the number of borrowers with access to the market remains subject to strict government regulation.

● Société Nationale Des Chemins de Fer Francais (SNCF), the French state railway company, has been assigned a Triple-A credit rating by Moody's Investors Service, the US rating agency.

The French government recently withdrew its explicit guarantee of future SNCF bond issues. Moody's noted that SNCF remained 100 per cent state-owned and under French law could not go bankrupt.

Liffe names Ecu bond futures brokers

By Tracy Corrigan

THE London International Financial Futures Exchange (Liffe) has assigned 11 members to act as designated brokers for its Ecu bond futures contract, due to be launched next month.

These brokers are committed to keeping a full-time trader in the Ecu bond pit for an initial period of three months and to providing marketing and education programmes for the contract.

The designated brokers are Bank of Tokyo Capital Markets, Cater Allen Futures, Crédit Lyonnais Rouse, Daiwa Europe, Dean Witter Futures, GNI, Istituto Bancario San Paolo di Torino, J.P. Morgan Futures, Nomura International, UBS Phillips & Drew, and Union Discount Futures.

The use of brokers rather than market-makers suggests confidence that there will be sufficient institutional participation from the start of the contract to ensure reasonable activity. "Brokers are used for contracts which need some support, but do not need prices to be made the whole time," said Mr Alex Cooper, director of financial markets at Crédit Lyonnais Rouse. The Matif, the French futures exchange, which launched the first Ecu bond futures contract last October, took the opposite view that market-makers were needed because the underlying cash market was "not that mature," an official said.

SocGen Ecu arm moves to London

SOCIETE Générale, the French bank is to move most of its market-making operations in Ecu-denominated instruments to London from Paris, Reuter reports from Paris.

The bank said market-making in Ecu OATs would continue in Paris but other business would be handled in London by its subsidiary Société Générale Strauss Turnbull.

French government and domestic securities and French franc Eurobond operations would remain in Paris.

US investors acquire foreign tastes

Barbara Durr examines the growing appeal of international securities

AMERICANS are acquiring a taste for international securities investments. Financial services companies are creating more mutual funds for investing in foreign securities, and US pension funds are putting greater portions of their $1,900bn-worth of assets in equities abroad.

Mr David Hale, chief economist at Kemper Financial Services in Chicago, says stock in US companies represents only a third of total equities worldwide. "If you don't have foreign equities, you're missing about two-thirds of the action."

Since 1985, according to figures from Lipper Analytical Services, which tracks mutual funds, open-ended international funds have mushroomed. In 1985, there were 25 international funds, which Lipper defines as those that invest primarily in securities outside the US. By 1990, the number had grown to 96, including 19 funds earmarked for Europe and 17 for the Pacific Basin.

The amounts under management for international funds grew from $1.95bn to $13.3bn in the five years to last September. Of the latter amount, $3.48bn was destined for Europe and $1.2bn for the Pacific Basin.

Fidelity, the large US mutual fund company, for instance, multiplied its international fund offerings from one with $78.1m in assets in 1985, to 11 with $1.5bn in assets in 1990.

In addition to international funds, "global" funds have multiplied in number and resources. Global funds are those that invest at least 25 per cent in foreign securities, though they can also hold US securities. In 1985, Lipper counted 26 global funds, and in 1990, 44. The amounts under management more than doubled from $5.71bn in September 1985 to $12.43bn in September 1990.

Other types of foreign investment funds that have grown include gold-oriented funds, which place at least 65 per cent of portfolio in gold mine shares, gold-mining finance houses, gold coins or bullion; and global flexible portfolio funds, which spread investments across various assets, including foreign shares. At least 25 per cent of their portfolio is in securities and gold-related assets traded outside the US.

Closed-end trusts, most of which are country funds, have similarly proliferated. More than 50 are on offer now compared with three or four in 1985.

In a recent survey of pension funds' investment intentions, Greenwich Associates, a Connecticut business research and consulting company, found that pension fund managers intended to devote a larger chunk of their portfolios to foreign equities. Over the next three years, these large funds intend to lift their international investing from 4.5 per cent of their portfolios, or $87bn, to 7.7 per cent.

After having enjoyed the rise of the US markets in the 1980s, "a lot of funds are looking overseas to maintain high returns," said Mr Dennis Scannell, a consultant with Greenwich Associates. He said pension funds were calculating that return on international equities during the next three to five years would be 12.6 per cent, compared with 11.2 per cent for the Standard & Poor's 500, 9 per cent for US long-term bonds and 7.5 per cent for Treasury bills.

So pension funds are seeking specialist fund managers with international expertise.

'If you don't have foreign equities, you're missing about two-thirds of the action'

This is the sort of opportunity that Murray Johnstone, the Scottish fund manager, is jumping on. Since its joint venture with Chicago-based Kemper ended in 1989, Murray Johnstone has established an office in Chicago and garnered $300m. It is the only Scottish investment firm in the US and the only non-bank British fund manager in Chicago.

It has attracted some foundation and pension fund monies and is handling Shearson Lehman Hutton's American Depositary Receipt accounts for wealthy individuals. It created its first international fund last year for the Phoenix insurance company of Connecticut.

Starting with just over $15m, the Phoenix fund last year outperformed all others in its category. All funds in the $25m-or-less category were down 13.1 per cent, while Phoenix's international fund fell 4.94 per cent.

Murray Johnstone helped Kemper test foreign waters in 1981, managing its international fund until Kemper felt that it had enough in-house expertise to proceed alone. Kemper officials now say they intend to make their once very domestic firm more international.

In the last two years, Kemper has added three other foreign investment funds of different types to its stable. The motivation for companies such as Kemper is not only to win the more promising returns of foreign investment, but to retain their clients. They must satisfy their customers' increasingly cosmopolitan tastes by placing international choices on the menu.

What started as an institutional investing trend has now spread to the retail trade, according to Mr Hale.

Taking advantage of America's growing foreign appetite, Mr Gavin Dobson, chief of Murray Johnstone's Chicago office, says that he aims to attract $1bn in US funds by the end of this year. He expects, for example, to begin a global fund for Carnegie Asset Management of Cleveland, Ohio, in March. And, he adds, "We're not pinching money from other people. It's a new market."

France leads the way with management buy-out deals

FRANCE is the continental European country most active in the area of management buy-outs (MBO), according to a KPMG Peat Marwick McLintock study, writes David Lascelles.

A league table of deals since 1985 by the accountancy firm shows 29 in that country followed by Italy with 16 and Germany with 12. The UK, whose MBO industry swamps the rest of Europe – about 350 deals were performed there in 1989 – is not included.

UK-based firms were shown to be active in leading continental MBO deals. Schroder Ventures, an arm of the Schroders merchant banking group, led the field with 14 deals with a total value of £363m ($726m).

Other London-based finance houses which figured prominently included Citicorp/Citibank, Candover Associates, Bankers Trust, Baring Capital Investors and 3i. Since 1985 there have been 165 continental MBOs worth over £10m, according to Peat Marwick.

Mr Chris Beresford, KPMG's head of MBOs, said there were signs that London institutions were transplanting their skills into other financial centres to get closer to national markets.

Although UK institutions led in numbers, they were not responsible for the largest deals. These came from French and Danish institutions, including LBO France, Procuritas and SDS Sparekassen.

CONTINENTAL EUROPEAN MBO DEAL LEADERS

	Number	Value £m	Average Size £m	France	Italy	Germany	Others
Schroder Ventures	14	363	26	2	6	5	1
Citicorp/Citibank	12	493	41	3	5	2	2
LBO France	8	533	67	8	-	-	-
Candover Associates	7	156	22	5	-	1	1
Bankers Trust	6	334	56	-	2	-	4
Baring Capital Inv	5	322	64	4	-	1	-
Initiative et France	5	102	20	5	-	-	-
3i	4	83	21	2	-	-	2
Matuschka	3	65	22	-	-	3	-
Procuritas	3	449	150	-	-	-	3
SDS Sparkassen	3	151	50	-	-	-	3

Source: KPMG Peat Marwick McLintock

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
International Fin.Corp(a)◆	300	8¼	99.84	1998	30/10bp	Deutsche Bk Cap.Mkts.
ECUs						
Central International(b)§	50	(10-10½)	100	1996	2½/1½	Merrill Lynch Int.
FRENCH FRANCS						
Credit National(a)◆	1.5bn	9⅝	101.325	1996	1⅞/1¾	Paribas Capital Mkts.
BELGIAN FRANCS						
EIB(c)◆	7bn	9¼	101.05	1999	1.35	Generale Bank NV

★★Private placement. §Convertible. ♦With equity warrants. †Floating rate note. ◆Final terms. a) Non-callable. b) Issue is convertible into Banco Central ordinary shares, 40 days after launch at premium of 5%. c) Callable 1995 at 102¾%, 1996 at 102%, 1997 at 101¼% and 1998 at 100½%.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Feb 11 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Feb 8 Index No.	Thu Feb 7 Index No.	Wed Feb 6 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (187)	761.78	+2.2	14.03	6.31	8.68	0.67	745.11	740.67	727.15	874.75
2 Building Materials (25)	1051.98	+2.5	13.65	5.81	9.02	0.45	1026.71	1027.79	1010 65	1075.48
3 Contracting, Construction (31)	1176.47	+2.5	15.35	6.69	8.44	1.46	1147.40	1140.99	1117.61	1496.02
4 Electricals (10)	2058.27	+3.1	13.60	6.48	8.99	0.80	1996.65	1966.49	1911.69	2500.17
5 Electronics (25)	1647.90	+1.2	9.57	5.43	13.93	1.10	1629.11	1611.26	1589.64	1916.85
6 Engineering-Aerospace (8)	406.12	+2.1	16.52	6.01	7.27	0.86	397.80	389.03	383.50	434.09
7 Engineering-General (47)	369.11	+2.0	15.79	6.95	7.63	1.15	362.02	360.23	353.46	467.38
8 Metals and Metal Forming (8)	424.48	+1.9	21.49	8.11	5.74	0.00	416.67	412.36	401 99	467.56
9 Motors (13)	299.27	+3.0	16.64	8.04	7.00	0.00	290.42	287.85	280.92	361.94
10 Other Industrial Materials (20)	1347.47	+2.4	12.51	6.03	9.24	0.71	1315.50	1313.12	1290.01	1570.87
21 CONSUMER GROUP (182)	1292.60	+1.5	9.38	4.03	13.23	2.72	1273.01	1271.97	1252.35	1248.22
22 Brewers and Distillers (22)	1633.90	+1.3	9.95	3.81	12.38	7.47	1612.60	1615.32	1586.41	1446.10
25 Food Manufacturing (20)	1093.30	+1.8	10.52	4.39	11.71	1.66	1073.95	1075.08	1057.60	1096.93
26 Food Retailing (16)	2477.42	+0.9	8.62	3.14	15.14	3.15	2454.15	2452.26	2401.90	2268.21
27 Health and Household (21)	2764.80	+1.6	6.49	2.77	18.27	0.47	2721.37	2721.45	2690.95	2429 92
29 Hotels and Leisure (22)	1177.60	+1.4	11.73	5.82	10.09	0.86	1161.64	1164.82	1151.69	1575.06
30 Media (25)	1256.23	+1.4	11.63	5.42	10.86	7.81	1238.57	1252.30	1244.33	0.00
31 Packaging & Paper (11)	548.44	+2.5	9.59	6.26	12.77	0.30	535.17	531.48	527.62	573.12
34 Stores (34)	845.46	+1.9	10.05	4.32	12.95	1.67	829.46	818.48	799.89	779.17
35 Textiles (11)	419.01	+1.7	13.72	8.39	9.35	0.50	412.13	407.74	402.82	502.02
40 OTHER GROUPS (111)	1078.90	+1.2	11.95	5.55	10.12	2.51	1066.42	1065.87	1046.07	1172.00
41 Business Services (12)	936.32	+0.7	13.35	5.76	9.10	0.00	930.10	933.23	912.55	0.00
42 Chemicals (21)	1146.99	+1.0	12.40	6.22	9.52	0.63	1136.18	1130.03	1105.37	1200.10
43 Conglomerates (11)	1423.27	+2.9	12.06	7.24	9.88	6.83	1382.77	1373.50	1337 14	1604.35
44 Transport (15)	1894.17	+2.0	13.78	5.37	8.95	1.78	1856.39	1862.82	1844.18	2239.03
45 Electricity (12)	1132.94	+1.2	10.88	6.21	11.09	0.00	1119.94	1133.05	1105.10	0.00
46 Telephone Networks(3)	1218.26	+0.5	10.98	4 15	11.85	0.00	1212.73	1205.00	1164.50	1236 49
47 Water(10)	2463.27	+0.9	13.76	5.69	8.12	39.69	2440.25	2470.25	2449.13	1984.14
48 Miscellaneous (27)	1695.38	+0.7	11.12	5.34	10.47	1.22	1684.34	1691.12	1661 43	1875 28
49 INDUSTRIAL GROUP (480)	1097.83	+1.6	11.14	4.98	10.98	2.11	1080.94	1079.03	1060.69	1145 16
51 Oil & Gas (20)	2278.09	+0.9	9.82	5.60	13.30	7.42	2256.91	2272.89	2194.50	2391 30
59 500 SHARE INDEX (500)	1196.36	+1.5	10.96	5.06	11.26	2.52	1178.97	1178.36	1155.40	1248.64
61 FINANCIAL GROUP (98)	768.06	+1.9	-	6.20	-	1.00	753.87	749.16	733.00	819.86
62 Banks (9)	843.77	+1.1	18.88	6.88	6.93	1.61	834.50	820.34	796 25	863.83
65 Insurance (Life) (7)	1380.38	+2.5	-	5.56	-	0.00	1346.54	1362.24	1331 59	1358.81
66 Insurance (Composite) (6)	665.61	+3.2	-	6.42	-	0.00	644.73	646.36	629.85	687 13
67 Insurance (Brokers) (8)	1037.78	+2.2	7.13	6.21	18.38	2.15	1015.16	1010 25	996 28	1106.98
68 Merchant Banks (7)	374.71	+2.1	-	5.45	-	0.00	366.93	365.34	362.74	497.03
69 Property (41)	995.60	+1.6	6.67	4.72	20.56	0.90	979.62	975.70	968.91	1155.41
70 Other Financial (20)	253.07	+2.2	9.93	7.07	12.72	1.60	247.54	246.26	244.45	330.11
71 Investment Trusts (69)	1043.63	+2.3	-	3.87	-	1.24	1019.81	1021 71	998 66	1215.74
99 ALL-SHARE INDEX (667)	1089.53	+1.6	-	5.20	-	2.14	1072.83	1071 46	1050.17	1145.18

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 8	Feb 7	Feb 6	Feb 5	Feb 4	Year ago
FT-SE 100 SHARE INDEX‡	2279.0	+33.8	2280.9	2252.5	2245.2	2243.7	2194 8	2202.0	2172.4	2286.9

FIXED INTEREST

PRICE INDICES	Mon Feb 11	Day's change %	Fri Feb 8	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	120.50	+0.08	120.41	1.87	1.23
2 5-15 years (31)	131.72	-0.03	131.96	1.82	1.94
3 Over 15 years (8)	140.74	-0.19	141.01	3.01	0.44
4 Irredeemables (6)	155.09	+0.08	154.97	2.93	0.00
5 All stocks (73)	130.56	-0.01	130.69	1.97	1.57
Index-Linked					
6 Up to 5 years (2)	158.52	+0.02	158.48	1.10	0.00
7 Over 5 years (10)	143.25	+0.04	143.19	0.51	0.70
8 All stocks (12)	144.29	+0.04	144.22	0.55	0.65
9 Debs & Loans (54)	106.96	+0.10	107.33	2.69	0.68

AVERAGE GROSS REDEMPTION YIELDS		Mon Feb 11	Fri Feb 8	Year ago (approx.)
British Government				
1 Low	5 years	9.49	9.49	10.75
2 Coupons	15 years	9.61	9.61	10.40
3 (0%-7¾%)	25 years	9.70	9.70	10.26
4 Medium	5 years	10.25	10.25	11.91
5 Coupons	15 years	9.99	9.96	10.77
6 (8%-10¾%)	25 years	9.90	9.86	10.38
7 High	5 years	10.41	10 40	12.03
8 Coupons	15 years	10.14	10.11	10 97
9 (11%-)	25 years	10.00	9.97	10.51
10 Irredeemables	†	9 94	9.94	10.32
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.90	3.87	4.44
12 Inflation rate 5%	Over 5 yrs.	4.21	4.21	3.85
13 Inflation rate 10%	Up to 5 yrs.	2.58	2.54	3.57
14 Inflation rate 10%	Over 5 yrs	4.04	4.03	3.69
15 Debs &	5 years	12.47	12.41	13 27
16 Loans	15 years	12.14	12.11	12.75
17	25 years	11.84	11.84	12.75

‡Opening index 2252.5; 9 am 2253.9; 10 am 2268.2; 11 am 2268.6; Noon 2270.9; 1 pm 2272.9; 2 pm 2271.9; 2.30 pm 2270.2; 3 pm 2274 2; 4.10 pm 2280.7 (a) 4.11pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	14	35	37
Corporations, Dominion and Foreign Bonds	1	3	17
Industrials	612	111	833
Financial and Properties	389	37	326
Oils	26	17	49
Plantations	0	1	9
Mines	44	34	87
Others	77	28	37
Totals	1,163	266	1,395

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
6100	F.P.	-	95	58	‡Eidos 10p	58		-	-	-	-
-	F.P.	-	3825	3550	Eurotunnel Foder. Wrrnts	3575	-50	-	-	-	-
-	F.P.	-	90	90	JF Pacific (New Wrrnts)	90		-	-	-	-
50	F.P.	-	45	43	Trio Inv Tst.	44		-	-	-	-
-	F.P.	-	9	6	Do. Warrants	7		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+ or -
-	-	-	86	68	Brent Walker Capital 13pc Cv Cap Bd	78	-2
‡	P/P	29/11	38p	30p	§Greenacre Group Cv. Rd Prf 70p	30p	
35	-	-	32½	29½	Grovewood Securities 8pc Cv Ln 2000	32½	
100p	F P	-	103p	96p	TT Group 10¾pc Cnv. Red. Prf 1997	101p	
100p	F P	-	110p	97p	Worcester Cm Rd Cv Pf	101p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
197	Nil	-	42pm	37pm	Tesco 5p	41pm	-1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¶ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- ● First Dealings Feb. 4
- ● Last Dealings Feb. 15
- ● Last Declarations May 16
- ● For settlement May 28

For rate indications see end of London Share Service

Calls in Babcock, C.H. Bailey ord. shares, Barratt Devs., Berisford Intl., Cookson, T. Cowie, Dares Ests., Medeva, Next, Oliver Res., Tuskar Res. and Unitech. Put in Ratners.

LONDON TRADED OPTIONS

EQUITY INDEX futures led the stock market higher yesterday on strong buying fuelled by renewed speculation about a reduction in UK interest rates. In traded options, the FT-SE 100 index options continued to attract attention in an otherwise quiet session.

The March FT-SE 100 index traded at a premium of 40 points at one stage and prompted arbitrageurs to sell futures and buy the underlying securities.

March's premium to the cash index was gradually whittled away to about 30 points. The latest UK producer price figures, which led to worries about inflationary pressures, sparked modest selling.

There were also signs yesterday of arbitrageurs buying back March FT-SE positions and against that selling stock to institutions.

The equity market's strength was maintained during the session as Wall Street opened firmly. This came despite losses in the UK interest rate futures market, which indicated an easing of the speculation about an imminent base-rate cut.

March FT-SE closed at 2,300, up 16 points on the day. March's premium to the cash index finished at 26 points, compared with fair value of about 8 points.

On the after-hours automated pit trading system, March closed a point lower at 2,299.

In the traded options market, dealing was more subdued. The FT-SE index commanded the greatest attention. The day's 7,907-lot turnover was evenly split between calls and puts. The March 2,300 calls were the most active. Of the larger trades, Barclays de Zoete Wedd bought 600 March 2,200 calls.

In the Euro FT-SE one broker sold 400 March 2,225 calls and bought the same number of March 2,375 calls.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons	460	67	75	88	5	13	16
Unilever (*713)	700	35	53	73	26	34	39
Unilever	750	13	-	-	57	-	-

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Barclays (*398)	390	20	31	40	21	27	33
Barclays	420	6½	-	-	42	-	-

Compass pays £28m for three private hospitals

By Jane Fuller

COMPASS Group, the contract catering and healthcare company, has bought three private UK hospitals for up to £27.7m from a US group.

The hospitals last year made only £14,000 profit on turnover of £15.5m under the ownership of Universal Health Services. Compass is buying the 102-bed London Independent in Stepney Green, the 50-bed Shirley Oaks in Croydon and the 34-bed Paddocks in Buckinghamshire.

These three, plus one in Carmarthen bought from the receiver last month, take the total number of hospitals owned by Compass to 15, with about 600 beds. The healthcare division contributed £9.7m to group operating profit of £38.4m in the year to September 30.

Mr Francis Mackay, finance director, said the purchases would take net debt to nearly £50m, compared with £36m at the begining of this month. Interest payments, however, were expected to fall from £8.9m to about £6.5m because of disposals and interest reduction through a fixed-rate deal.

Mr Mackay said there was a lot of improvement to be made to the profitability of the newly acquired hospitals. For instance, the London Independent's bed-occupancy rate was only 45 per cent compared with 64 per cent for the group's existing venues.

He said the acquisitions were expected to cover their interest costs this year, although the extra turnover would lower the division's operating margins. The assets were valued at £22m.

Initial payment is £13.2m. A further sum, between £12.5m and £14.5m, will be paid between December this year and December 1994.

Wickes talks to banks after difficult trading

By John Thornhill

A SHARP rise in the share price of Wickes, the DIY retailer, prompted the company to announce that difficult trading conditions had resulted in it making revised arrangements with its banks, conditional upon a rights issue.

"Wickes is unaware of any reason for the recent rise in its share price," the company said, and the share price lost most of its early gains to close at 50p, up 5p on the day.

Mr Henry Sweetbaum, chairman, said he could not predict the timing of any such rights issue because of the volatile nature of the stock market. He added: "You never know it's going to happen until it's done."

Ms Kimlan Cook, retailing analyst at County NatWest, said that Wickes' debt at the end of 1990 was likely to have been about £150m compared with shareholders funds of £25m. She added that there was undoubtedly a need to expand the company's capital base.

But she said: "There are about 130m shares in issue so they are going to have to have a deep rights issue to make much difference to reducing debt."

Wickes has been hit by the downturn in the retailing sector and has suffered big exceptional losses at Hunter Timber, a recently-acquired timber importer.

Analysts are expecting Wickes's profits before tax and exceptional items to amount to little more than £5m this year, compared with £38.1m last time.

European Assets

Net asset value of European Assets Trust fell 18 per cent to Fl 7.26 over the year to the end of 1990. In sterling terms the figure fell some 23 per cent from 288.4p to 223p. The company is listed in London.

Earnings per share improved to Fl 0.2 (Fl 0.16). A proposed final dividend of Fl 0.15 lifts the total for the year to Fl 0.19 (Fl 0.14).

Correction
Cellnet

An article on February 5 quoted an estimate that Cellnet, the UK cellular telephone operator, had added 8,500 customers in the previous 4½ months. Cellnet has asked us to point out it has added more than 30,000 customers in the past five months.

NatWest turns loans to equity to buoy HHG

By Michiyo Nakamoto

NATIONAL WESTMINSTER Bank is taking the unusual step of converting loans into equity to rescue Halls Homes & Gardens, the manufacturer of conservatories and home improvement products struggling amid growing recessionary pressures.

Halls is also raising £3.2m from a rights issue. It warned yesterday that, if both issues were not completed, "the group will almost certainly be unable to continue trading". Its shares closed down 2p at 14p.

NatWest is subscribing in full an issue by HHG of 1.5m new 7 per cent preference shares of £1 par redeemable 1993-95, by converting £1.5m-worth of loans to HHG into the preference shares. The move will reduce HHG's borrowings to about £6.3m, all of which is with NatWest.

Halls' rights issue, involving 35.4m new ordinary shares at 10p per share, has been fully underwritten by existing shareholders and other investors, in spite of the difficult market conditions.

"Both the bank and investors believe it is a strong company that was unfortunately caught out by the recession," said Mr Roger Brocklebank, an analyst at Schroder's, the company's brokers.

Yesterday HHG forecast a substantial loss for the year to end-December. At the interim stage it reported a pre-tax profit of £850,000 on turnover of £16.7m and forecast break-even at best for the second half.

Demand for its products in the UK continued to be depressed, however, as the recession deepened and exports remained slow due to the strong pound.

"Results for the year . . . will be considerably worse than intimated at the time of the interim statement," the company said. A high level of debt and a significant reduction in supplier credit has put HHG under severe pressure to maximise cash generation. Suppliers have reduced credit levels progressively over the last quarter, and the company's credit levels were approximately half what they were in the same period a year ago, said Mr Joe Moulton, chairman.

A final dividend is not likely to be recommended for 1990, while the interim dividend of 1p originally payable on February 1, has been postponed to be reconsidered in the light of results in 1991.

Mr Moulton said the rights issue would generate adequate working capital for the company to continue in business and reduce its "unacceptably high level" of borrowings.

Steps have also been taken to reduce costs and improve cash flow through a reduction in staff levels and a programme to realise inventory. The company does not expect turnover to improve significantly in the short-term but is confident that its cost-reduction measures will enable it to benefit from any upturn in the market.

Wallcoverings buy at Walker Greenbank

By Clare Pearson

WALKER GREENBANK, the erstwhile mini-conglomerate, has made its first acquisition since completing a programme of disposals aimed at concentrating on its wallcoverings business.

Walker is buying Bryant, a Kent-based company which supplies it with commercial wallcoverings, for a cash consideration of between £7.3m and £9.3m. In addition, it is assuming £3.1m of Bryant's borrowings.

The initial payment is £2m, and the balance will be satisfied in two further instalments depending on Bryant's audited results for 1990 and for this year, with the second payment falling in February 1992.

Mr Charles Wightman, Walker's chief executive, said the move showed Walker embarking on its expansion plan. This comprised enlarging its European distribution network for wallcoverings and extending its product range, specially in furnishing fabrics.

He said the purchase of Bryant would secure the design and distribution rights for a significant part of Walker's established commercial product ranges. Bryant currently supplied about 40 per cent of the group's commercial contract division's sales.

In the 11 months to November 30 1990, Bryant had unaudited sales of £10m, about 70 per cent of which were to Walker. Pre-tax profits were £1.5m.

Separately, Mr Wightman revealed he had had "a number of recent conversations" with Aubin, the Jersey-based nominee company which has pushed its shareholding in Walker from 22.6 to about 27.5 per cent since last November. "The talks were by no means acrimonious."

He noted that Walker had radically restructured itself and resumed profits growth over the last 18 months, since Aubin initially acquired a stake. Pre-tax profits for the half-year to August 31 1990 were £4m, against £3.27m.

Hi-Tec on firm footing to beat estimates

By Maggie Urry

HI-TEC Sports, the sports shoe distributor, is trading better than it had earlier expected.

In a letter to shareholders yesterday it said profits for the year to end-January "are now expected to exceed significantly profits before tax of £6.4m recorded in the year to January 1990".

Mr Frank van Wezel, chairman, wrote that pre-tax profits should "comfortably" beat the £7m peak announced for the 1988-89 financial year. Analysts are now looking for about £7.5m.

The results will be published in early May, but Mr van Wezel said he felt shareholders should be told now of a "rather stronger performance in the last six months". Yesterday the share price sprinted ahead 8p to close at 76p on the news, although it is still well below the 160p flotation price in 1988.

In his interim report Mr van Wezel had only ventured to say that profits should beat the £6.4m level. However, the last six months had seen "strong performances in sports shoe sales in the UK and in sales of clothing and accessories in both the UK and in the Netherlands" he said.

In the Netherlands, business had been boosted by the acquisition of the Bad Boys brand of casual wear in 1989.

Mr Derek Watson, finance director, said the market for sports shoes was continuing to grow and the Hi-Tec brand was doing well, he thought, because it was in the mid-price range offering value for money.

The interim dividend is held at 1.5p and Mr Watson said the final would be set in the light of the full year figures.

Mr van Wezel remained confident about the group's long term prospects, although he stressed it was not immune from negative factors affecting the general business climate at present.

Finance director takes over as chief executive at S&N

By Philip Rawstorne

MR BRIAN Stewart, finance director of Scottish & Newcastle Breweries, will take over as chief executive of the group on May 1.

Mr Alick Rankin, 56, who has combined the roles of chairman and chief executive for the past 18 months, will continue as chairman.

"In principle, I do not believe in combining these two important responsibilities, particularly in a company of our size," Mr Rankin said yesterday.

After eight years as chief executive, Mr Rankin said he thought it was time to "bring in a changed style of leadership, encouraging new thinking by a younger executive team".

Mr Stewart, 45, a chartered accountant, joined S&N in 1976 and gained commercial experience with Scottish Brewers, Wm Younger and McEwans, working in both retail and production divisions. He was appointed corporate development director in 1985 and group finance director in 1988 when he had an important role in the group's defence against the Elders' take-over bid.

He has played a leading part recently in the development of S&N's leisure division, both in the UK where he is a director of Pontin's, and in continental Europe, where he is a member of the supervisory board of Center Parcs in the Netherlands.

Mr Stewart's successor as finance director will be Mr Derek Wilkinson, 47, who joined the group in 1974 and has been financial controller since 1982.

Mr Gavin Reed will leave his present post as group managing director to become group vice-chairman. He will become chairman of a new beer division which is now being formed.

The group last year set up a retail division to manage its pubs and restaurants.

Company of Designers £3.5m in red after exceptional charge

By Clare Pearson

THE TALE of woe at Company of Designers, the USM-quoted building design practice, continued yesterday when it announced a pre-tax loss of £3.53m for the year to end-September 1990.

It also restated 1989 results, taking £280,000 off the £1.05m pre-tax profit previously reported, owing to a work in progress adjustment at one of the subsidiaries.

Company of Designers said it was reviewing whether any part of the adjustment to reflect lower work in progress at Bristol-based Moxley Jenner, which it acquired nearly two years ago, related to years before 1989.

In the 1990 figures, extra provisions for bad and doubtful debts, management reorganisation, a 27.5 per cent cut in staff and the closure of six offices were all included in a £1.09m exceptional item. The shares closed unchanged at 7p yesterday.

After a tax credit of £427,000, losses were £3.1m (£477,000 profit). Having paid 0.25p at the interim stage, there is no final dividend. The loss per share is 18.6p (earnings of 2.7p).

Turnover fell 10.7 per cent to £14.24m (£15.94m). Work done was £14.05m (£15.83m). The company said that it was confident "of its ability to return to profit in the present climate for the construction industry", given actions taken and the current forward order book.

Since the end of September, sale of the headquarters office had resulted in a small profit and had reduced borrowings by £1m.

Company of Designers also proposes, subject to shareholder approval, to buy out FFNS Gruppen, the Swedish architectural and property group, from a joint venture created in July 1989, at a cost of £615,000. In addition, FFNS has acquired SCAAN Consultants and FFNS International, two parts of the joint venture, for £13,000.

Bid talks lift Hunter Saphir shares 23p

By Maggie Urry

HUNTER SAPHIR, the fruit and vegetable distributor and food manufacturer, revealed yesterday that it was in talks which "may or may not lead to an offer" for the group.

The shares jumped on the news, closing 23p higher at 80p. At that level the group's market value is £19.7m.

The brief statement was made in response to a rise in the shares, which were up 4p to 57p on Friday and continued to rise yesterday morning. The statement said that the board was consulting NM Rothschild, its merchant bank, and a further announcement would be made in due course.

Mr David Downes, finance director, said there was nothing he could add to the announcement and that talks were at a very early stage. The talks are with only one possible bidder.

However, he said, the rise in the share price yesterday might change the bidder's calculations.

Any bid for the group would probably need the approval of the company and the Saphir family to succeed. Mr Nicholas Saphir, chairman, and his family, in effect control 49.2 per cent of the group's shares.

Included in this is a 20 per cent stake held by Berisford International, the commodities and property group. A company controlled by Mr Saphir has the right to vote this block of shares. However, there was speculation yesterday that Berisford might want to sell this stake.

Hunter Saphir, which supplies leading supermarket groups with products such as Zimbabwean-grown mange tout and makes Christmas puddings, was floated on the USM in June 1984 at a price of 120p. The issue was oversubscribed 72 times.

However, since then it has had a chequered history, making a number of acquisitions and disposals, and suffering a severe fire at its spice and pepper plant in June 1989. Its shares peaked at 326p in June 1987, and moved to the main market in December that year.

Last year Mr John Saphir, the deputy chairman and son of one of the founding brothers, died suddenly aged 44.

In the financial year to end-February 1990 pre-tax profits dipped to £5.6m (£6.1m) and interim results for the current financial year showed pre-tax profits up to £3.5m (£2.3m) only thanks to a £2.1m (nil) exceptional credit from the insurance proceeds for the fire.

The group also carries heavy borrowings, with a syndicated loan facility of £30m to cover seasonal working capital peaks, and shareholders' funds shown in the last balance sheet at £8.6m (excluding goodwill of £20.8m).

Europe's largest cellular phone makers join forces

By David Owen

NOKIA, the largest private company in Finland, has agreed to buy Technophone of the UK in a deal that will create the second largest cellular phone manufacturer in the world.

"Even the two of us together do not equal Motorola but we will be very much the number two," said Mr Nils Martensson, founder of Technophone, commenting on the £34m cash transaction. "Nokia and we have been very friendly competitors for many years."

The merger should enable the two largest cellular mobile phone manufacturers in Europe to maximise production efficiencies, and to strengthen R&D resources at a time when new digital technology is under development.

Technophone, based in Camberley and privately owned, has 750 employees and boasts production facilities in the UK and Hong Kong. In the year to March 31 1990 it made net profits of £2.5m on turnover of £49.1m.

Nokia Mobile Phones employs 3,500 people and had turnover of £330m in 1990. It owns manufacturing facilities in Finland, Germany and South Korea.

BHH makes £11.6m property purchase

BHH Group, a property investment company, has purchased a portfolio of properties for £11.6m through its BHH Properties subsidiary, from Clayform Properties and Bryant Clayform.

The consideration was satisfied by £9.3m cash and the issue of 6.4m ordinary shares. Clayform sold 5.19m of the shares, or 12 per cent of the enlarged share capital, to Paribas, BHH's stockbrokers.

BHH's shares closed up 1p at 34p.

Berkeley Govett

A surge into profit by its recently formed life insurance subsidiary helped Berkeley Govett, the Jersey-based financial services group which reports in dollars, to increase annual pre-tax profits by 18 per cent to $46.27m (£23.24m), in 1990.

This was compared with a $395,000 loss in its start-up period in 1989.

Earnings per share were 46.5 cents (42 cents). The proposed final dividend is 12p gross (10p), making a total of 19p (16p).

Mid Wynd nav falls 24%

OVER the six months to December 31 1990, net asset value at Mid Wynd International Investment Trust fell nearly 24 per cent from 305.5p to 233.3p.

The fall reflected heavy exposure to the markets of Europe and south east Asia, which reacted especially poorly to the Gulf crisis.

Cash was raised in the immediate aftermath of the invasion of Kuwait. Some was invested in oil shares but the bulk had been kept on deposit.

The European bonds purchased last April, financed by dollar borrowings, performed satisfactorily.

Net revenue was £212,000 (£87,000) for earnings per share of 4.22p (1.73p). The interim dividend is lifted to 2.3p (1.7p).

Turnround at Ambrit

AMBRIT International, an oil and gas exploration and production company, made a profit of £164,000 for 1990, the first since 1984.

This is a turnround from a loss of £217,000 at the halfway stage, and from one of £1.26m for the whole of 1989.

Mr Alan Russett, chairman, said the result reflected higher oil prices after the Iraqi invasion of Kuwait and the group's success in raising oil and gas production levels.

Also, overhead costs in the US were reduced by a further 20 per cent, and the US subsidiary swung round from a net loss of £1.11m, including exceptional write-offs, to a net profit of £237,000.

Earnings per share came to 0.25p (losses 4p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Berkeley Govett ......fin	12★	-	10	19	16
Co of Designers ......fin	nil	-	2.25	0.25	3.5
Dalgety ......int	7.15	July 1	7.15	-	18.15
European Assets ......fin	0.15‡	May 2	0.1	0.19	0.14
Mid Wynd Inv ......int	2.3	Apr 6	1.7	-	4.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ★US cents, gross. ‡Dutch guilders.

UK COMPANY NEWS

Ownership doubts take the bloom off development plans

UES, GKN's joint venture with British Steel, is causing problems for both parents as its market softens. Charles Leadbeater reports

IT IS a vast but almost silent machine, which curls from near the ceiling of the Aldwarke steel mill near Rotherham to the rolling mills several hundred feet below.

Liquid steel poured in at the top passes through the jumbo sized bloom caster at the speed of a glacier, drawn by gravity. As it moves it is cooled and shaped to emerge at the bottom as an oblong strand. That strand, which still glows with heat, is cut into lengths known as blooms, which then go to be rolled on Aldwarke's mills.

The power, scale and seemingly inexorable movement of the caster at United Engineering Steels' plant cannot fail to impress. Yet it is close to the heart of an increasingly troublesome dilemma for two of Britain's leading manufacturing groups.

GKN, the engineering group, and British Steel are UES' parents and equal shareholders. They formed UES as a joint-venture in 1986, after a drawn out courtship, to rationalise the British engineering steel sector. They invested £72m in the caster at the height of the boom in steel output. But almost from the month the caster began producing, the market began to soften.

This has left the parents with troubling questions. Having invested more than £150m in the last few years, including the caster, how will they get a decent return?

GKN put its engineering steel interests into UES as a way of getting out of steel. It does not want to hang around longer than necessary. But it also wants to see a return. If its stake was sold now it is unlikely the price would reflect the quality of the assets, given the fall in steel demand, output and profits.

An alternative would be to wait for the investment, which has turned UES into the lowest cost engineering steel producer in Europe, to deliver a stream of dividends. That could take several years and delay GKN's exit from the steel industry far longer than it wants.

The dilemma facing British Steel is no less tricky. At first sight it would seem an obvious step for it to buy out its partner and entrench its dominance of the UK steel industry. Some senior executives at British Steel fear that if it did not move to control UES then a foreign group such as Usinor Sacilor, the acquisitive French state owned producer, would take the opportunity to move into its backyard.

Despite the apparent logic the issue is far from clear cut. Even within the highest echelons of British Steel there are differing views on UES' future.

Casting out: A recently cast 10-tonne bloom (left) at UES' Aldwarke bloom caster

The sceptics argue that British Steel should concentrate on internationalising rather than deepening its dependence on the UK economy. They say it should exploit its expertise in general steels, especially structural sections for the construction industry, rather than going into speciality engineering steels.

Any move to take control of UES' 2m tonnes a year capacity would have to fit in with British Steel's plans to rationalise further its four main steel making plants in South Wales and northern England to reap economies of scale.

Mr Graham Mackenzie, UES chief executive who joined the company last year from TI, the engineering group, recognises that the ownership issue could not have been resolved until the decision was taken last year to close the old GKN plant at Brymbo, in North Wales. Now a settlement is likely to be delayed by the recession, which has forced UES to cut output by 20 per cent.

The combination of recession and continued uncertainty will complicate Mr Mackenzie's task in implementing plans for developing the group. These fall into four broad areas.

- Cutting its already low cost base in basic steel making. It is considering reducing the number of furnaces at Rotherham to provide economies of scale. As one of the country's top ten industrial electricity consumers it is planning to exploit the flexibility offered by electricity privatisation to start electricity production through a joint venture with US partners. Its electricity bill of £60m a year is one of its largest costs.
- Moving the company further downstream into higher valued added areas of production. For instance, rather than supply other companies with semi-finished steel from which they can make car components, UES's forging subsidiaries could produce complex parts themselves.

After a series of acquisitions it is about to rationalise its bright bar operations by reducing its plants from four to two. It also has plans to build up its re-rolling activities.

The model for this rationalisation is Glynwed, one of UES' main competitors. Mr Mackenzie speaks with admiration about the way Glynwed has rationalised its downstream activities.

- Broadening its customer base, which is heavily concentrated in the automotive industry. In 1989 about about 30 per cent of sales went into cars, 19 per cent into commercial vehicles and 12 per cent in tractors and other off-highway vehicles.
- Exploiting its low cost base to strengthen significantly its position across the channel, which is perhaps the most important task facing the company in the medium term.

Mr Mackenzie identifies the company's main strategic weakness as its peripheral position on the edge of the core of European engineering industry. He says :"The car, truck and engineering industries are concentrating into central Europe. That is where the big customers are."

UES plans to expand direct sales to equipment manufacturers such as Volkswagen, which already takes 20 per cent of its conrods, an engine component, from UES. The group has also set up wholly-owned sales subsidiaries.

But the next moves will be more expensive, into continental stockholding and servicing and possibly joint-venture steel production. The most natural fit for UES in terms of its product range would be a joint-venture with Ovako, the Swedish engineering steels producer. But that could just be an alliance of two companies at the margins of the market.

Yet striking into the heart of Europe will prove difficult. In Italy engineering steels is being concentrated through the merger of Ilva and Falck. In France, Usinor Sacilor, which is extremely powerful in stainless steels, towers over the industry leaving few openings for outsiders.

The most attractive option might be to tie up with Thyssen Edelstahlwerke, the speciality steel producer owned by Thyssen, the German steel and engineering group. The trouble is that most British steel makers regard the German industry is a closed club.

Whichever route UES chooses, the uncertainty over its ownership will have to be cleared up, to allow the company to move forward. Mr Mackenzie says: "People need to know who they are teaming up with."

It is almost inconceivable that British Steel would relinquish control over UES. It may choose the formula it adopted with another associated company Allied Steel and Wire, in which it has 20 per cent.

Mr Mackenzie concludes: "British Steel will always want to retain some influence over us." UES may have grown up and be ready to leave home, but its link with its most influential parent is unlikely to be severed.

MEPC sells London office building to Bank of China

By Vanessa Houlder, Property Correspondent

MEPC, the property investor and developer, yesterday announced that it had sold a London office building to the Bank of China as its new headquarters.

Analysts estimate that the building, which occupies 49,000 sq ft at 90 Cannon Street in the City, was valued at between £35m and £40m. The bank will move to the property, known as Eagle House, in spring next year, following completion in June.

The deal, which has long been anticipated by the market, had little effect on MEPC's share price which moved up 4p to 541p. However, it is significant in that it shows there is some life in the property market, which has been hit by a partial withdrawal of overseas investors and the prospect of further falls in prices.

Hammerson, another large property investor, yesterday announced that it had pre-let a 21,000 sq ft office development at 133/136 High Holborn in London to Nationwide Anglia Building Society, the UK's second largest building society.

The building, which will be called Nationwide House, will be used as the building society's head office. The rent agreed is estimated to be in excess of £45 per sq ft.

CONTRACTS

Major orders for GEC Alsthom

GEC ALSTHOM has received an order for 78 coaches and the signalling equipment for line 3 of the Caracas metro in Venezuela. The order is worth about £68m and includes an option for 72 additional coaches.

National Railways of Ecuador has signed a contract worth about £15m for the supply of nine diesel-electric locomotives, spare parts and personnel training.

Dutch Railways has awarded an order worth about £70m for 42 electric locomotives to equip the domestic network.

Dubai Electricity Company has awarded Alsthom Turbines a Gaz, a subsidiary of GEC Alsthom's European gas turbine company, an order worth about £56m for the turnkey supply of two gas turbines rated at 116 MW each to extend the Jebel Ali power station.

Subsidiaries The European Gas Turbine Company and Large Steam Turbine Group have been awarded contracts worth over £70m for the supply and installation of gas and steam turbine generating plant for the new Corby and Peterborough gas fired combined cycle power stations. Delivery of the plant, which is being made in the UK and France, is scheduled for 1992. When completed in 1993, both stations will produce a nominal 350MW. The contracts were awarded by Hawker Siddeley Power Engineering, the main contractor.

Eastern Europe minting order

BIRMINGHAM MINT has received two coin and blank orders valued at £2.5m from Eastern European countries. The completed orders will be delivered by May. Mr Harry Balmer, group managing director, said: "These orders prove that despite the trend towards nickel plating, there is still a strong demand for solid coin and blanks."

Water study

Dumfries & Galloway Regional Council has awarded a £100,000 contract to NORTHUMBRIAN WATER GROUP to carry out a 12 month assessment study of the major sewage treatment plant in Troqueer, Dumfries. The study will look to solve extensive noise and odour problems at the works.

Radio network for military headquarters

The RACAL RADIO GROUP has won a £2.2m contract for its tactical area communications system, Tacnet, which has been acquired by a Middle East customer. The Tacnet family of equipment provides communications for the tactical headquarters of military forces in the field.

Critical castings

Chesterfield (ECL) has an agreement with CHESHIRE PRODUCTION (ENGINEERING) to supply safety critical castings worth about £1.5m for the main tunnels of the Eastern Channel railway link in Denmark. ECL has paid to Cheshire £287,500 in prior satisfaction of ECL's contractual performance liabilities.

Flooring for Disneyland in France

GC FLOORING, commercial flooring division of GCF Group, has been awarded a contract at Euro-Disneyland in France. Worth over £1m the contract is for ceramic tiles and carpets in the 500-room Euro-Disneyland Hotel at Disneyland, near Meaux.

Inspection work

BROMPTON HOLDINGS has won two offshore installation inspection contracts through its principal operating subsidiary, Oilfields Inspection Services. The first, worth about £300,000, is for Unocal's "Funan" project in the Gulf of Thailand where OIS will carry out non-destructive testing of offshore pipelines and oil production facilities due to be installed over the next six months. The second is for similar inspection and testing services to Shell Sarawak for its offshore oil activities in Malaysia. The first phase of the contract is worth an estimated £137,000 but the contract may be extended through later phases over the next three years and could be worth over £1.1m.

* * *

SULZER (UK) PUMPS, Leeds, has been awarded a £1m contract by Kvaerner Engineering on Behalf of Norsk Hydro for two injection pumps in which the bearings are lubricated by sea water. The pumps are for use on the new oil producition platform in the Brage field in the Norwegian sector of the North Sea.

Vehicle systems

ICL, information systems subsidiary of STC, has won a contract valued at £1.7m to provide systems and services to Hungarocamion, a freight company. A World Bank funded tender, this is the biggest single sale ICL has made in Hungary. The order includes four ICL mainframes with a network of 500 intelligent workstations will run Businessolve financial software from Radius, for sales order processing, accounting and project management; and Fleet 2000 from Resourceful, a fully-integrated system for the management and maintenance of Hungarocamion's 1800-strong vehicle fleet.

* * *

STC CABLE has an order worth over £400,000 from Gibraltar Nynex Communications to provide fibre optic cabling on the Rock.

Instrumentation for Sellafield

British Nuclear Fuels has awarded CROWN HOUSE ENGINEERING an electrical and instrumentation contract at Sellafield in Cumbria, UK centre for the reprocessing of spent nuclear fuel. The £9.8m order is part of the new £250m encapsulation plant, to be completed in 1993.

Stabilisers and steering gear

BROWN BROTHERS, Edinburgh, part of Vickers, is to supply steering gear and stabiliser equipment to the Australian and New Zealand navies. Amecon of Melbourne, Australia's leading warship constructor, has placed the £10m order for ten shipsets for the German-designed MEKO 200 class frigates, with an option for two more sets. The first will be ready in 1992, and equipment will continue to be delivered to the end of the century.

* * *

BABCOCK ENERGY has two orders worth about £5m: one at about £3m for boiler components for the Meri Pori 500MW coal fired power station in Finland; and the other at £2m for components for the Saltire field development project jacket structure under construction at Ardesier for Occidental Petroleum (Caledonia).

New range of telephones ordered

STC has been selected by British Telecom to develop and supply a new range of telephones. The business is likely to be worth over £50m over the next three years. The order is for a range of models from a basic two-piece telephone to a high specification feature phone.

The new designs incorporate the latest surface mount telephone technology developed by STC. The electronics for the range has been designed to be easily adapted for use in other European countries.

* * *

HADEN DRYSYS, Birmingham, has a £1.2m contract from Tan Chong Motors (Nissan) in Malayasia for an electrodip system and colour spray booth for its vehicle paint finishing line. To ensure deadlines are met the electrodip system will be built in modular form, prepiped and taken on site as a purpose-built system. The old plant will be pulled out and replaced during a two-week shutdown.

Haden has another order from Malaysia to supply a colour paint line at £750,000 to AMI Ford.

While most of the plant for both contracts will be made in Malaysia, key proprietary equipment will brought in from Europe.

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VAUXHALL has won a £4.5m order to supply British Rail with 644 Astravans. They will all be 1.7 L diesel models and will be used by technicians and supervisors for maintenance duties throughout Britain. Supplying dealers are Charles Clark Group, Sheffield, and Martin Walker EKV, Kent.

More efficient power station

BABCOCK ENERGY has a £12m contract for the supply of heat recovery steam generators for one of the UK's first new privatised power stations to be built at Corby, Northamptonshire.

The contract has been placed by Hawker Siddeley Power Engineering's private power division for the 360MW combined cycle power plant being constructed for Corby Power - a joint venture between subsidiaries of East Midland Electricity, Hawker Siddeley, and the Electricity Supply of Ireland.

The steam generators, which convert the heat energy in the hot exhaust gases from the gas turbines into steam, are stated to be vital in achieving the high thermal efficiencies characteristic of this type of power plant. The steam is used to drive steam-turbine alternators which produce about a third of the stations electrical output.

The company says this combination produces power at an overall efficiency of about 505, with almost no emissions of sulphur and extremely low emission of nitrogen oxides. In addition, the greatly increased thermal efficiency reduces the amount of carbon dioxide emitted per kilowatt of electricity generated when compared with other fossil fuels.

* * *

MORRISON KNUDSEN CORPORATION, Boise, Idaho, has a $13m contract to remanufacture 20 railroad locomotives for the Burlington Northern Railroad. Final delivery is scheduled for the second half of the year.

* * *

ASCo, oil services division of the SIDLAW GROUP has been awarded two contracts to provide the onshore supply base facilities and services for the hook-up and commissioning works for BP Explorations's Miller Platform in the northern sector of the North Sea.

The contract is scheduled to last for 18 months and is expected to be worth over £1.5m. At Peterhead ASCo will be providing BP with office accommodation and normal quayside facilities of berths, cranage, fuel and water, as well as up to six acres of open storage and 25,000 sq ft of covered storage.

* * *

UNITED KINGDOM CONSTRUCTION AND ENGINEERING COMPANY, Liverpool, part of the Tilbury Group, has been awarded a £500,000 contract by ICI chemicals and polymers for work at the Runcorn plant. UKC&E will fabricate and install carbon steel and monel pipework, and erect various plant items associated with the "Golf" project, phases 18 and 2. This involves a plant for the manufacture of HFA, a new material which will used to replace CFCs in refrigeration units, aerosols, etc. Completion is scheduled for July.

Brewery control

ALLIED BREWERIES has chosen WALKER INTERNATIONAL's DB2 relational database, real time, financial systems to modernise its accounting and procurement systems. The order is worth about £500,000 including professional services. The system will installed on an IBM 3090/500J mainframe.

* * *

W.L. GORE & ASSOCIATES has a contract worth over $1m for the supply of Gore-Tex membrane filter bags to be installed at a coal-fired power station in Denmark.

Continued on Page 31

مكتبة الأصل

MANAGEMENT: The Growing Business

Marketing co-operatives

Pulling together in a common purpose

By Charles Batchelor

Brian Lowings, managing director of Biotech Instruments, a supplier of laboratory equipment used in DNA research, will meet counterparts from four continental European firms in Paris later this month to put the finishing touches to a joint marketing venture on which they have been working for the past year.

Four companies, from Germany, France, Switzerland, and the Netherlands, have joined Luton-based Biotech to set up the Combio Group as a Europe-wide marketing network. By working together – average turnover is about £1m – they also plan to share technological expertise and to increase their negotiating muscle when dealing with the larger biotechnology groups.

At their meeting in Paris the five partners hope to be able to nominate an outside organisation, probably a continental consultancy firm, to act as a central secretariat and to carry out the decisions taken by the members at their quarterly meetings. Areas where the companies plan to work together are in jointly marketing their services under the Combio label, in taking shared space at exhibitions and in agreeing a common policy on questions such as discounts and margins when negotiating with suppliers.

Co-operative marketing agreements, whereby small companies group together to combine their meagre budgets and limited management resources, are common in many countries in continental Europe. In Italy, in particular, co-operative marketing groups – *consorzi* – make a sizeable contribution to the economy by helping small and medium-sized businesses break into new markets.

Federexport, for example, a grouping of export *consorzi*, has 161 members representing nearly 6,800 businesses employing more than 300,000 people. Member companies account for 10 per cent of Italian exports.

In the UK, with the exception of long-established organisations in the agricultural and horticultural sectors, marketing co-operatives have failed to make such a big impact though there have been attempts by groups such as the (now defunct) national Co-operative Development Agency to promote their growth. A survey published by the agency in 1987 found just 14 non-agricultural marketing co-operatives with 1,200 members.

In some areas, notably the hotel, leisure, food and craft sectors, successful co-operative marketing ventures have been established but the idea has made negligible progress within manufacturing industry in the UK. Brian Lowings says he initially attempted to interest other British firms in Combio but he failed to find any UK partners so he then turned his attention to the Continent.

Part of the problem is that the owner-managers of smaller British companies appear to see co-operative agreements as limiting their freedom of action. "It is difficult to get independent small business people to form a group which could remove some of their freedom," says Lowings.

Another reason is the negative view that many business-people have of the term "co-operative" despite the fact that many co-operative marketing ventures are in fact set up as companies limited by shares or by guarantee. "The co-operative label did not help," comments Tim Walby, in charge of marketing co-ops at Business in the Community, which is attempting to keep interest in the idea alive following the demise last year of the national *Co-operative Development Agency*.

Co-operative marketing agreements also suffered from the lack of an appropriate legal framework for this sort of venture. Before closing last year after the withdrawal of government funding the agency attempted to improve the popularity of co-operatively organised marketing ventures by drawing up three sets of "model rules". This has made it easier for those wishing to set up their organisations on genuinely co-operative lines – on a one-member one-vote basis – to get established.

Businesses which have taken to marketing co-operatives in the UK are those which are either very small or which operate in geographically remote areas. Small business owners who operate under these handicaps are enthusiastic about the impact of co-operative marketing on their activities.

Judy Bell, who began making sheep milk cheese on her farm in the village of Newsham, near Thirsk in north Yorkshire in 1989, says The Yorkshire Pantry, an association of food and drink producers, "has been the making of my business". Through The Yorkshire Pantry, Bell has shared a large marquee at the Yorkshire Show with other members to promote her wares and taken part in other exhibitions.

Details of her business, Shepherd's Purse Products, have featured in a marketing leaflet sent out to local retailers and caterers. Seminars arranged through The Yorkshire Pantry have kept Bell up to date on changing hygiene legislation. Bell is taking on a cheese-maker to give herself time to do more of her own marketing and sales are expected to rise to £100,000 this year.

The Yorkshire Pantry is just one of several county-based producers' associations set up to bring together widely dispersed rural small businesses. Set up in 1988 with financial support from North Yorkshire County Council it now has 93 members; most are producers but some are purchasers. Producer members pay £50 a year for membership and elect a management board which meets every four to six weeks.

Most of The Yorkshire Pantry's members are happy to increase awareness of their products throughout Yorkshire before raising their sights to the national or international markets. Cornwall Concepts, by contrast, is keen to market the products of its craft-based membership outside the county, according to Henry Roberts, chief executive.

Established by Cornwall County Council in 1987 Cornwall Concepts transformed itself into a limited company in 1989 and is attempting, ultimately, to become self-financing. It has around 100 members involved in areas such as woodworking, knitwear, greetings cards and pottery, paying a £30 annual fee.

An important aim of Cornwall Concepts is to make its members more professional and to make them think as small manufacturers rather than as craftsmen or artists. "Buyers imagine that craft products have been produced in a hippy commune and will come wrapped up in a piece of newspaper," says Roberts. As part of a campaign to get rid of "hobbyists", Cornwall Concepts has pruned its membership from 150 to 100.

Roberts' attempts to make his members more professional to reflect the broad aims – going well beyond simply publicising their products – adopted by many of the marketing co-ops. Cornwall Concepts has a quality programme under which products are subjected to review by an assessment committee to see that they meet certain standards of design, presentation, finish and safety.

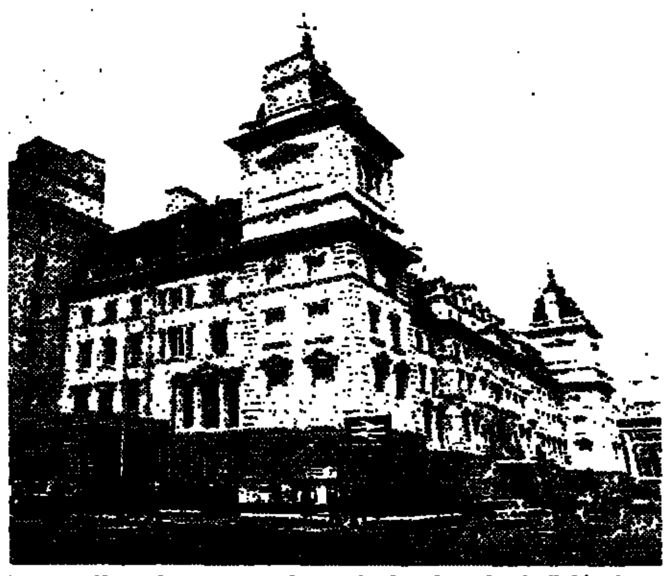
As part of their range of help for members, marketing co-ops often provide centralised services. Cornwall Concepts runs an ordering system which allows a buyer to place one order for the products of several members. It will also arrange delivery of its members' shipments.

Consort Hotels Consortium, which has grown to represent 252 UK hotels over the past 10 years, runs a centralised reservation system as well as publishing a 200-page purchasing manual, which allows members to make savings of between 10 and 20 per cent.

From members' subscriptions, which range from £3,600 to £9,600, Consort has an annual marketing budget of at least £1m. "You are able to do quite a lot with that," says Martin Evans, head of marketing. Consort provides brochures for its members on their accommodation and conference facilities and allows them to benefit from being part of a nationwide network.

Consort handles £7m worth of business for its members, most of which are single hotels, but even so this is just a small part of members' total business. "We normally provide between 5 and 10 per cent of their bookings though one hotel took 52 per cent of its business from us," explains Evans.

Important though Consort is in providing its members with extra business, membership does not absolve businesses from carrying out their own marketing. "Membership is not an excuse for opting out," comments Evans. "A small hotel should expect to spend £15,000 to £30,000 on marketing annually. Being a member means you have to do more on planning your rates and returning booking forms. You have to be more professional."



Consort Hotels' overall marketing budget benefits individual members, such as the Great Western Hotel, Paddington

Perseverance is the key

Charles Batchelor on the potential for selling to big firms

Small firms are frequently deterred from attempting to sell to big corporations and large public sector organisations: tracking down the right buyer can be difficult and conforming to their apparently bureaucratic purchasing procedures put off all but the most determined.

It will be necessary to offer a dramatic improvement in either price, delivery or quality to dislodge an established supplier, according to a new guide* for small firms from Business in the Community, the umbrella organisation of Britain's enterprise agencies.

But there are opportunities to establish a foothold. These are most likely to occur when the buyer is considering product changes; when increased demand means he needs additional suppliers; when he wants a second source for a product; when existing suppliers are not up-to-scratch; or in-house services or processes are being contracted out.

Apart from persisting on the telephone until he has found the appropriate buyer the small supplier should also attend Meet the Buyer events and trade exhibitions and make sure he is listed in his local trade directory.

In dealing with large purchasers small firms should make sure they:

- Follow up leads. Nothing irritates a buyer more than having been contacted by a new firm which seems to be a potential supplier, then finding it does nothing to follow up.
- Be prepared to say no. A lost contract is better than a bad contract.
- If the buyer frequently changes suppliers, beware. The buyer may be a bad payer, change requirements frequently or be unethical.
- Do not rely on a single customer for more than, say, 30 per cent of sales unless you negotiate a long-term contract which safeguards your interests.
- Keep your premises clean and tidy even if they are small and cramped. Buyers will regard this as a measure of your efficiency.

**Springboard for Growth - Guidelines for the Smaller Company Selling to Larger Companies and Organisations. From BiC, 227A City Road, London EC1V 1LX. Tel. 071 253 3716. 24 pages. Free.*

In brief...

■ A Europe-wide study of the potential of novel manufacturing processes in small and medium-sized businesses has been launched by PERA, the UK production engineering research organisation, and its counterparts in six other countries.

The research project, entitled "technical and organisation spin-offs for small and medium-sized enterprises from flexible machining systems", will examine how to improve productivity and quality in the manufacture of mechanical products. It will also attempt to identify techniques to accelerate the take-up of new manufacturing processes in smaller firms.

Contact Laurence Archibald, PERA, Melton Mowbray, Leicestershire LE13 0PB. Tel 0664 501501.

■ When the 2,000 pheasants delivered for rearing to an Essex game farmer took to the air and flew off he realised that their wings had not been properly clipped. The farmer was able to sue the supplier with the help of a legal expenses insurance policy.

With solicitors' fees averaging £75 an hour and barristers charging up to £40,000 to accept a brief and £1,500 daily to appear in court, legal expenses cover is one area of insurance which business-people should seriously consider, according to the Director's Guide to Company Insurance.

Insurance cover for key personnel is another area which few businesses consider – only 1 per cent of UK companies take out such cover – despite the serious impact the loss of key executives or staff can have.

Deciding how much cover to arrange is tricky but the level of cover should reflect a multiple of the individual's salary, a multiple of the business's profits and the person's contribution to those profits, the guide suggests.

Further chapters deal with issues such as property cover, product liability, transport, accidents, and directors' liability.

Available from Director Publications, Mount Barrow House, 12 Elizabeth Street, London SW1W 9RB. Tel 071-730 6060. 80 pages. £9.95 + 50p p&p.

■ Barry Baldwin, a partner at accountants Price Waterhouse, has been appointed special adviser to Eric Forth, small firms minister at the Department of Employment. Baldwin is director of independent business services for Price Waterhouse Europe and a former chairman of the Union of Independent Companies, which represents smaller manufacturers.

■ A Small Business Club for the owner-managers of small companies in Birmingham will be launched in March by Birmingham Ventures, a local enterprise agency, and the city's Training and Enterprise Council.

The inaugural meeting will be held at Chamber of Commerce House, Edgbaston on March 18 at 7.30 pm.

Contact Derek Bullivant, Chamber of Commerce House, 75 Harborne Road, Birmingham B15 3DH. Tel 021-454 6171.

■ 3i, the UK venture and development capital group, is to participate in a $5.25m seed capital fund, Triad Investors Corporation, set up to exploit the ideas of academics at the Johns Hopkins University, Baltimore in the US. In the UK 3i has backed similar funds at Edinburgh and Cambridge Universities.

■ British businesses throw away up to a quarter of their profits by failing to tackle the problem of crime, according to a Home Office crime prevention video, Business Crime – the Profit Eater.

The video demonstrates typical invitations to crime in the small and medium-sized business and shows how they can be avoided, drawing on the successes of groups such as the Meridian Business Park near Leicester and the North Lynn Industrial Estate, Norfolk.

Copies of the video are being distributed through crime prevention panels, chambers of commerce and business groups. It is also available on free loan or for purchase at £9.99 inc VAT from CFL Vision, PO Box 35, Wetherby LS23 7EX. Tel 0937 541010.

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Please send fullest details in confidence to Box H8082, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

BUSINESS WANTED

LISTED COMPANY SEEKS TO BUY REFURBISHMENT CONTRACTORS

Our client is a leading U.K. designer and contractor to the licenced trade, hotel, retail, leisure and commercial sectors for the provision of refurbishments and facelifts.

We are seeking businesses with all or most of the following characteristics:-

* Operating in the above sectors or similar, preferably niche allied activities.
* Preferred location East Midlands and South Coast
* To be profitable and with a turnover falling ideally in the £1-3,000,000 range.
* *Management to be in place but would suit owner wishing to devolve himself* - or corporate restructuring.
* Capable of integration with similar regional business
* Freehold site.

For further information contact:-

Richard Tresias, Durwen Corporate Finance Limited, Durwen House, 7 Stanley Place, Chester CH1 2LU
Tel: (0244) 319901/347913 Fax: (0244) 318209

BUSINESS WANTED

A progressive and expanding Group of Companies *in international interest has funds* available for investment in distribution and manufacturing businesses.

Product areas of immediate interest include the following although any niche distribution/ *manufacturing business would be considered.*

- Labels, equipment and materials for the sealing, strapping and wrapping of cartons and parcels.
- Automotive and engineering components and workshop equipment.
- Medical and healthcare products and equipment. The Group has a particular interest in the care of the elderly and disabled.
- Sealants, mastics and adhesives
- Shoe and leatherwork
- General export-import trading, commodity brokerage and barter trading, with a particular interest in East European and Far East markets

Responses sought from companies wishing to divest of interests no longer compatible with their core business, businessmen seeking to sell private companies prior to retirement, companies requiring *financial support to develop and expand their business and/or* individuals with designs and products wishing to set up new businesses.

Write to Box H8081, Financial Times,
One Southwark Bridge, London SE1 9HL

WANTED
LONDON FOOD SERVICE DISTRIBUTION COMPANY

Our clients are a profitable and highly reputable firm supplying catering establishments in London. They wish to expand their blue-chip customer portfolio either by acquiring a similar company specialising in Frozen and/or ethnic food, or by taking over the distribution of a catering food manufacturer with an established client base in London.
The company is ideally placed for the West End and City, and benefits from excellent management controls, with fully computerised telephone sales, accounting and stock control.

Principals only, please write to Bill Owen.
Porter Gee and Co., Walmer House,
288 Regent Street, London W1R 5HF

COMMERCIAL VEHICLE CONTRACTS

A successful international Group wish to acquire for cash a suitable commercial vehicle contract hire and leasing company *within the* U.K. to use as the springboard for expansion in this market.
Only equally successful and well established companies will be considered for *this investment.*

Write Box H8058, Financial Times,
One Southwark Bridge, London SE1 9HL

Want To Buy

London based Trading (Procurement) Export/Import Co. with established exports franchise and imports clientele. Preferred products: Building materials, construction equipment, generation and industrial equipment, oilfield equipment. Medical Supplier. other products/ lines also considered.

Write to Mr. Al Mazid, 42 Bancroft Ave. London N2 0AS.

WANTED ENGINEERING BUSINESS

A successful Group wish to acquire, for cash, an engineering business. Funds readily available for the right proposal. Ideally Midlands based with a T/O in the range £4 - £15 million. Principals only.

Reply in strictest confidence to Box H7900, Financial Times, One Southwark Bridge, *London SE1 9HL*

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Milan:	Tel: (2) 3452211	Fax. (2) 879233
Zurich:	Tel: (1) 2146111	Fax: (1) 2146203

For Additional Information Contact:
WORLD-WIDE BUSINESS CENTRES NETWORK, INC.
575 Madison Avenue, New York, New York 10022, U.S.A.
Tel: (212) 605-0535 Fax: (212) 308-9834 Telex: 237699

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COMPUTERWORLD
Tel: 0454 618111 Fax: 617024

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UK Technical Trading Co specialising in Central/Southern Africa, setting up operation based in Johannesburg. Will be headed by Executive with 30 years international chemical and marketing experience. Keen represent Companies now interested in opening up Exports to, or imports from South Africa and neighbouring countries.

Write Box H7998, Financial Times, One Southwark Bridge, London SE1 9HL

BUDAPEST based British businessman seeks new commissions. Telephone 071-720 9837

INVOICE FACTORING Small private company offers competitive rates, personnel and flexible service. Up to 80% advanced. T/o £250k - 1m. Dellwood Credits Ltd., 38 Sheldon Avenue, London N6 4JR. 081 340 5843

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DIRECT MAIL LISTS & SERVICES 100'S of ready-made lists immediately available. Suppliers to leading UK companies. Free catalogue. Market-scan. Freepost. Chichester, Sussex.Tel 0243 786711

BUSINESS AND ASSETS of solvent and insolvent companies for sale. Business and Assets Tel 071 262 1164.

HARLEY ST. W.1. Business centre full service and fitted offices. Business Address:- Tel Serv: Sec Mail: Fax: Boardroom: Flexible terms. Tel: 071-637 5505 Fax: 071-436 8954

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EXPERIENCED INTERNATIONAL LAWYER oil litigation, terms negotiable. Mr Doulabi Rm 1010, Moberly Tower, Oxford Road, Manchester M13

SPANISH TRANSLATION SERVICES All types of work undertaken by post or appointment Telephone: Weymouth 0305 775890

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you would like all of the following:

A 25 year lease with no break clause
Repairs and insurance costs
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to become someone else's problem, then we can help you.

We have fully serviced private offices and meeting *rooms with payment only as* and when utilised and no long term commitment.

For further information, please contact:

Nightingale Secretariat,
3 Berkeley Square,
London, W1X 5HG

Tel: 071-629 6116
Fax: 071-491 4811

BUSINESS FOR SALE

Paterson International Limited Coleford, Gloucestershire

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Paterson International, Manufacturer of Dental Surgery Cabinets and supplier of Dental Surgery Equipment.

- ★ Annual turnover in excess of £1.5m.
- ★ Modern Freehold factory and offices of 9500 sq ft at Coleford, Gloucestershire.
- ★ Refurbished leasehold showrooms in London and Manchester.
- ★ Equipment, spares and cabinet stocks.
- ★ Plant and machinery.

For further information contact the Joint Administrative Receiver, John Wheatley, KPMG Peat Marwick McLintock, Peat House, Lansdown Road, Cheltenham, Gloucester GL50 2JA. Tel: 0242 222020. Fax: 0242 221970.

KPMG Peat Marwick Corporate Recovery

Conservatory Manufacturer

The assets and trade of Cotswold Conservatories Limited of Tredegar, South Wales are offered for sale as a going concern. The Company's business comprises full design and planning, manufacturing and installation of hardwood and softwood conservatories from freehold premises of some 85,000 sq ft with a sales office based in Farringdon.

- ★ Substantial order book approaching £500K.
- ★ *Projected annual turnover exceeding £2m.*
- ★ Fitted exhibition sites serving the M4 corridor.
- ★ *85,000 sq ft factory premises* (part sub let) well located forty minutes from M4 via A470 and A465.

Interested parties should contact Barry Mitchell and Barry Jones, KPMG Peat Marwick McLintock, *Marlborough* House, Fitzalan Court, Fitzalan Road, Cardiff CF2 1TE. Tel: (0222) 462463. Fax: (0222) 481605.

KPMG Peat Marwick Corporate Recovery

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATORS
K. D. GOODMAN FCA & P. MONJACK FCA
IN THE MATTER OF
COMMUNICATION CORPORATION LIMITED
Trading as:- EURO COMMS

Offers are invited for the business and assets of the above company, *which trades as a supplier of two-way radio equipment* mainly on term rental agreements.
The company also undertakes service and repair work on existing agreements. Future rental income in the region of £77,000.

Further enquiries should be addressed to the Joint Administrative Receivers
Leonard Curtis & Co, Chartered Accountants,
30 Eastbourne Terrace, London W2 6LF.
Tel: 071-262 7700 Fax: 071-723 6059 REF: 3/DJM

BUSINESSES FOR SALE

Fife Scottish

On the instructions of the Secretary of State for Scotland, the Scottish Transport Group *offers for sale:*

FIFE SCOTTISH OMNIBUSES LTD
The company is a major operator of local bus services in the Fife Region of Scotland. The company also runs coaches.

For further information, please write to:

STG

Mr Malcolm Roxburgh,
Commercial and Planning Executive,
The Scottish Transport Group,
Carron House,
114/116 George Street,
Edinburgh EH2 4LX

The contents of this advertisement, for which the Scottish Transport Group is solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Coopers & Lybrand Deloitte as a firm authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

The shares in Fife Scottish are not traded on a recognised or designated Investment Exchange and as a result there is no recognised market for the shares.

BEACHSIDE IN CORNWALL
HOLIDAY VILLAGE PERMISSION
500 – 700 APARTMENTS

Plus already in operation:
• Nightclub and Entertainment Centre •
• Bars and Function Suite •

F O R S A L E

Possibly what will be the West Country's leading next generation Holiday Village in this unique position on ***one of Cornwall's most spectacular beaches***. Planning permission granted for a village of 500 – 700 holiday villas. Full feasibility study available. The complex already operates as a major resort centre.

Brochure package from: Dept. MG, **Domaine Leisure Ltd.** Domaine House, Kenegie Manor, Gulval, Penzance, Cornwall.
Telephone: 0736 66671 Fax: 0736 51219

PLC FOR SALE

Exciting, motivated direct sales company will expand its present operation in the UK and Europe with the introduction of a top performer from the USA. Impressive growth during last 3 years. Unquoted plc status. Present dynamic innovative management team will remain to achieve £3 million net profit during next 3 years. 51% + shares available for under £1 million cash, with earn out contracts for on target performance. Superb opportunity for the successful acquirer.

For further details apply in writing to:
Julian Beresy, *(Ref R.D. plc) Peat Marwick McLintock,*

DRUCE
Hotels & Leisure International

HANTS/WILTS BORDER

Licensed hotel on site of 5 acres adjacent to junction of A303 and A338. Ideal for major conference venue. Accessible from South West and London. Major towns nearby include Winchester, Basingstoke, Andover and Salisbury. Detailed Planning Permission to enlarge to 48 bedrooms (currently 13, all ensuite) and build 3 function rooms.
FREEHOLD PRICE: £475,000

CONTACT BRISTOL (0272) 299505 REF:B1359

WEST SUSSEX
HIGHLY PROFITABLE COUNTRY LEISURE CLUB

Recently refurbished at great expense * Private luxury lounge and high class restaurant * Furnished patio with bar-be-que * Well appointed Family Room * Excellent heated indoor Swimming Pool and Jacuzzi * Separate Ladies and Gentlemens Shower Rooms with Sauna's * Solarium * 2 Squash Courts * P/P for a Gym * Floodlit all weather Tennis Court * Net Profit this year minimum £125,000*
PRICE: £850,000

CONTACT CHICHESTER (0243) 774897 REF: 3215LF

BIRMINGHAM HOTEL SITE

* Outline Planning approval. * Located within the International Convention Centre area on corner site. * Plans for 130 Bedrooms on four floors. * Limited parking in Basement. *
Excellent opportunity.
FREEHOLD PRICE: OFFERS INVITED.

CONTACT BIRMINGHAM REF: DP/KC

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FOR THE ATTENTION OF INVESTORS AND PUBLIC LIMITED COMPANIES

First class private investment company with undoubted quality earnings for sale. Current profits before tax of approximately £300,000. Projected rise in guaranteed earnings over the next ten years to £700,000. Offers over five million pounds will be considered in either cash or shares to the equivalent *in fully quoted public limited companies which are* acceptable to the vendor.

Apply in writing in strictest confidence to:-
Write Box H8089, Financial Times,
One Southwark Bridge, London SE1 9HL

FOR SALE
EQUIPMENT AND POWER TOOL HIRE COMPANY SPECIALIST LIGHTING DIVISION

Leasehold premises. South Herts (close M25). Turnover £1,000,000. Net Profit £250,000+ (before Directors Remuneration). Owners wish to retire. Write Box H8071 Financial Times, One Southwark Bridge, London SE1 9HL

SPECIALIST DATABASE FOR SALE

Long-established, high-quality *chemical industry* database. Existing products but an under-developed revenue stream. Principals only.

Write Box H8029, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

BUSINESS OPPORTUNITY LTD COMPANY

wishes to dispose of non-core activities product line in fast-food sector. Established market, known brand name, equipment, food, and point of sale material available.

Write Box H8083, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

MEDICAL LABORATORY
HARLEY ST. AREA, W1

Established path lab multi-disciplined. Fully equipped quality premises. Regualr clientele turnover £0.5 million Price £575,000 principals only

Write to Box H8070, Financial Times, One Southwark Bridge, London SE1 9HL

CAVENDISH
CORPORATE FINANCE LIMITED

FIMBRA

specialises exclusively in advising on the sale of businesses. Clients include the following:

	Turnover £ m
Stationery Distributor	14
Fruit & Vegetable Importer	5
Prestigious Gentlemen's Outfitter	4
Joinery Manufacturer	4
Car Hire Company	1
Country Pursuits Retailer	0.6
Painted Furniture Manufacturer	0.6
Nursing Home Group	250 beds

For further details please contact Mary Wakefield
Tel: 071-436 2391 Fax: 071-323 2145

FOR SALE
EXCELLENT PARTICIPATION/INVESTMENT OPPORTUNITY

London based Group seeks to dispose of wholly owned telecommunications consultancy subsidiary (business established 1974) due to planned retirement of its Managing Director in 1993.

- Unaudited results for six months ended 31. Dec. 1990 show: T/O £155k
  :Net profit £31K (before Group charges)
- Average net profit over last 3 years: £40k
  ROCE greater than 100%.
- Prestigious and expanding client base
- Well equipped leasehold offices (early vacation if required)
- Significant growth/investment opportunities

Closing Date for replies: 19 February 1991. Apply in strictest confidence, for "Initial Particulars of Sale" to

A.H.B. Dalby, FCA, Wilson Sandford & Co., Chartered Accountants, Caravelle House, 19 Goring Road, Worthing, West Sussex, BN12 4AP.
Telephone: (0903) 504551, Fax: (0903) 504 345.

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

BUSINESS FOR SALE

Textile Piece Goods Dyeing & Finishing Plant
Suitable for Processing Natural Fibre Fabrics.
Turnover around £700,000 per annum.
Substantial Tax Losses available

Write Box H8043 Financial Times,
One Southwark Bridge,
London SE1 HL

AUDIOTEX/CALLSTREAM SP COMPANY

To be sold without liabilities suitable for existing SP wishing to expand capacity and acquire valuable assets. Based in Manchester City Centre assets to include:-
Valuable freehold city centre property 150 callstream lines on excellent number ranges 0898 and 0839 various items of digital and analogue passive announcement equipment.
Currently unmanned but T/O appx 10k per month. For sale as *going concern without liabilities* 195,000.00 no offers serious enqs from principals only please 061 832 0696
Mr Furber.

BUSINESS FOR SALE

Textile Piece Goods Dying & Finishing Plant. Suitable for Processing Natural Fibre Fabrics.
Turnover around £700,000 per annum.
Substantial Tax Losses available.

Write Box H8092, Financial Times,
One Southwark Bridge, London, SW1 9HL.

DIVERSIFIED GROUP

wishes *to* dispose of 'environmentally friendly' non-core activity in the large commercial vehicle finishing sector. Recently the subject of a technological change in the field of final vehicle finishing it will be especially attractive to companies within this market needing to expand their range through a low cost entry supported by established designs and recognised 'MARK'. The disposal does not include the sale of any 'fixed assets' and is thereby 100% relocatable allowing consolidation into existing operations, a portfolio of service contracts producing on-going returns and capable of substantial expansion or integration into own existing service unit, forms part of the sale.

Principals only write to: H8061, Financial Times,
One Southwark Bridge, London SE1 9HL.

HOTELS EUROPE

PORTUGAL ALGARVE
346 Bedroom hotel Price £12 million

LONDON Freehold hotel
377 Bedroom £10 million

ROTTERDAM
120 Bedroom Hotel 20 Million Guilders

NR BRUSSELS
90 Bedroom Hotel BFR 375 Million

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550/K Tons Annually
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Fax: 718 492 9608

DATA PREPARATION BUREAU

A bureau in the Sussex area, established for 25 years, offers for sale its customer base currently netting £500,000 per annum.

Please write Box H8072, *Financial Times*, One Southwark Bridge, LONDON, SE1 9HL

RETAIL GREETING CARD LTD COMPANY BUSINESS FOR SALE

High St., Purley, Surrey. Substantial freehold property, tax losses £211k+.
Rental income £14½K p.a.
Price £300k o.n.o.
Write Box H8090, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE OR MERGER GENERAL INSURANCE BROKER

Based Central South *of* England, with gross income of £300,000+ and net profits £60,000+. Owner seeks sale and/or assistance in growing by acquisition. Ring Charles Dean or Clive Petty, CCS Limited - 0202 896767.

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Fax: 44-71-8398496

EUROSEARCH

Member of The Securities Association

FOR MERGER OR SALE

Established Northern computer company. Turnover £3m. Excellent client portfolio includes high contracted revenue base. Services oriented.

Write Box H8079, Financial Times, One Southwark Bridge, London SE1 9HL with basic company details.

HOTELS EUROPE

PORTUGAL ALGARVE
364 Bedroom hotel Price £12 million
LONDON Freehold hotel 377 Bedroomed £10 million
ROTTERDAM
120 Bedroom Hotel 20 Million Guilders
Nr BRUSSELS
90 Bedroom *Hotel* BFR375 Million
MICHAEL PEGG INTERNATIONAL
Tel (44) 0272 237575
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OFFICE EQUIPMENT

FOR SALE
Honeywell DPS 88/81
Mainframe Central Computer System
Model CPS8884: New 1985;
Engineered to support a vast network of users, Speeds vital information throughout large organisations, Peripherals: Additional System Console, Three 120CPS Printers, Two 22" Monitors w/attach, Plus Extras. Reply to:
Northstar Equipment Corp.
73 So. Central Ave
Valley Stream, NY 11580, USA
Tel 516 825 7040 Fax 516 825 7115

Continued on Page 31

مكبر من الأصل

BUSINESSES FOR SALE

Horticultural Equipment Manufacturers.

The Joint Administrative Receivers offer for sale the business and assets of Templar Group plc and its subsidiaries.

- Manufacturer of the Tracer all terrain mower
- On-going sales and spare parts nationwide
- Leasehold premises in High Wycombe, Buckinghamshire – 13,000 square feet
- Turnover around £800k

For further details contact Jason Elles, Administrative Receiver, Ernst & Young, Apex Plaza, Reading, Berkshire RG1 1YE. Tel: 0734 500611. Fax: 0734 507744.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

The Falcon Hotel

Uppingham, Leicestershire.

Freehold 3 star hotel for sale as a going concern.

- 27 En Suite Bedrooms
- 2 Restaurants, 2 Bars
- 3 Function rooms and Business Centre

Interested parties please apply for particulars of sale to the Joint Administrative Receiver G C S Baker, Ernst & Young, 37 New Walk, Leicester, LE1 6TU. Telephone (0533) 549818.

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Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

By Order of the Trustee in Bankruptcy C G Wiseman Esq FCA of Booth White & Co

THE JACKS CENTRE, LATCHINGDON, ESSEX

Bowls Centre

Superb fully equipped indoor bowls club.

- ☐ 7 rinks on Greengauge carpet
- ☐ Fully fitted bar
- ☐ Professional shop
- ☐ 650 playing members (max membership 1,000)
- ☐ Outside bowling rinks to be completed
- ☐ Snooker and function rooms to be fitted out
- ☐ Planning Consent for indoor small bore rifle range

FREEHOLD FOR SALE

Ref: CS/JB

EDWARD SYMMONS & PARTNERS

2 Southwark Street, London Bridge, London SE1 1RQ
Tel: 071-407 8454 Telex: 8954348 Fax: 071-407 6423
LONDON MANCHESTER LIVERPOOL BRISTOL SOUTHAMPTON

The Sadler Group

(In Administrative Receivership)

Ipswich

The Joint Administrative Receivers offer for sale the business and assets of this Ipswich based construction group. All companies, with the exception of Collins and Curtis Limited, operate from Sadlers premises.

Sadler & Sons (Ipswich) Ltd

This company's principal activity is commercial and residential construction as a main contractor.

- Established 100 years
- Skilled and loyal workforce
- Joinery, small works, painters and specialist Church division
- Substantial work in progress
- Annual turnover c.£6 million
- 1.6 acre freehold, yard, works and head office building

Collins & Curtis (Ipswich) Ltd

This company operates a profitable specialist commercial stonemasonry business

- Modern hi-tec plant
- Highly skilled workforce (22)
- Full order book
- Annual turnover c.£700k
- Freehold premises

Scanlift Ltd

This company maintains, hires and sells mechanical and hydraulic grabs

- Exclusive agent for BSV - Denmark
- Annual turnover c.£300k
- Stock c.£80k

Gipping Plant Company Ltd

This company is mainly engaged in plant hire for the construction industries

- Construction plant of all types - book value c.£200k
- Skip hire business - Bond Bin Hire
- Tipping facility
- 9 employees

For further details please contact the Joint Administrative Receivers Andrew D. Conquest or Richard P. Betts at:
Grant Thornton, Crown House, Crown Street, Ipswich, Suffolk IP1 3HS.
Tel: 0473 221491 Fax: 0473 230304

Grant Thornton

The U.K. member firm of Grant Thornton International.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

COLMAN FORDSMITH GROUP

IN ADMINISTRATIVE RECEIVERSHIP

The joint administrative receivers offer for sale on a going concern basis the business and assets of a major light engineering group located in Central Manchester. The Group has four operating divisions with a centralised administration facility.

COLMAN FASTENERS

* Turnover £1.7 million.
* Leasehold property in Central Manchester.
* Manufacturers of cold-headed products in particular SEMS.

SAM CASE

* Turnover £400,000.
* Branches in London and Manchester.
* Manufacturer of aluminium transit cases.

H. FORDSMITH

* Turnover £1.4 million.
* Substantial freehold property in Manchester.
* Manufacturers and distributors of industrial fasteners; engineers keys and sub-contract turned parts.

FORDSMITH WELDING SUPPLIES

* Turnover £600,000
* Distributor of Welding machines and consumables.
* North West agent for major supplier.

For further information please contact:
J.J. Gleave or G. Houghton
Arthur Andersen and Co., Bank House, 9 Charlotte St.,
MANCHESTER, W1 4EU.
Tel: 061-200 0297 Fax: 061-200 0343.

ARTHUR ANDERSEN

Clements Pianos Ltd

(In Administration)

Nottingham based.
Piano Sales and Repairs.
Nationally known.
3 employees.
Turnover £250,000.

Contact: Janet Blomfield, Touche Ross & Co, Nottingham.
Tel: 0602 500511

CHRISTIE & Co

WIRRAL
Residential Care Home Registered for 37

Magnificent, detached property set in 2 acres. Ideal to run under management.
Fee Rates £170 - £195 p.w.

Offers over £600,000 freehold

Ref 56/78281

MANCHESTER OFFICE

PRINTING COMPANY

On borders of City c£1 million t/o. Excellent client base. Well balanced mix of work strong management and hungry sales team SRA 2/3 Completely self contained seeks sale or merger.

Box H8091, Financial Times, One Southwark Bridge, LONDON. SE1 9HL.

Touche Ross

Kristal Klear Limited

(In Administrative Receivership)

The Joint Administrative Receivers, N. G. Atkinson and A. R. Houghton offer for sale the business and assets of the above company.

The company has two major trading divisions; contract office cleaning and the provision of services to motor manufacturers as regard exhibitions, motor shows and transportation.

Main features are:

- ☐ Turnover approximately £5m in 1989/90.
- ☐ 2 freehold premises in Laindon, Essex and Atherstone, Warwickshire.
- ☐ Leasehold premises used for transport division in Grays, Essex.
- ☐ Leasehold body shop, (22,000 sq. feet) in Barking, Essex.
- ☐ Plant and equipment, including 1 car and 1 commercial vehicle oven.
- ☐ Motor vehicles.

For further information please contact Nigel Atkinson at the address below.

55/57 High Holborn, London WC1V 6DX.
Tel: 071 405 8799. Fax: 071 831 2628.

Member DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Screen Process Printer

The assets and trade of Applied Screen Print Limited of Tonypandy, South Wales are offered for sale as a going concern. The Company's business comprises full design and artwork facilities, screen process printing and glass processing located in 45,000 sq ft of purpose built leased premises.

* Expanding customer base throughout U.K. and Europe.
* Annual turnover approaching £2m.
* Excellent facilities on prime site within twenty minutes of M4 motorway.
* Skilled and flexible workforce, well used to innovation and development within the trade.

Interested parties should contact Barry Mitchell and Barry Jones, KPMG Peat Marwick McLintock, Marlborough House, Fitzalan Court, Fitzalan Road, . Cardiff CF2 1TE.
Tel: (0222) 462463. Fax: (0222) 481605.

KPMG Peat Marwick Corporate Recovery

Touche Ross

Nationwide Repair Service for TV, Video and Satellite Products

The above business and assets are offered for sale as follows:

- ☐ 31 Depots throughout UK.
- ☐ First class reputation for quality and service.
- ☐ Excellent customer base.
- ☐ Full wholesale and retailer equipment service support.
- ☐ Guarantee – warranty schemes.
- ☐ Turnover approx. £15 million per annum.

For further information, contact Lindsay Denney or Sue Lewis at the address below.

1 Woodborough Road, Nottingham NG1 3FG.
Tel: 0602 500511. Fax: 0602 590060.

Member DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Touche Ross

Bain UK Limited

(In Receivership)

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COMMODITIES AND AGRICULTURE

Australia abandons wool price 'floor'

By Kevin Brown in Sydney

AUSTRALIAN WOOL is to be sold at free market prices for the first time in 17 years after the government yesterday suspended the industry's crisis-hit price support scheme until July.

The decision will also mean lower prices for other wool growing countries such as New Zealand, which have previously benefitted from Australian attempts to prop up the market.

Mr John Kerin, Primary Industries Minister, said the cabinet would make a final decision about the future of the scheme after a committee of inquiry reported in April.

However, the announcement means the end of Australian attempts to use its position as supplier of 80 per cent of the world's apparel wool to maintain prices above market levels.

"If there is to be any form of reserve price scheme from July 1, it will be self-funding and the floor price will be set conservatively against then prevailing market prices," Mr Kerin said.

The scheme has been under pressure since May last year, when Mr Kerin forced the Australian Wool Corporation, the statutory marketing organisation, to cut the floor price from 870 cents (£3.42) a kilogram to 700 cents.

The reduction followed a collapse in demand for wool caused by the withdrawal of major purchasers, including China, Japan and the Soviet Union, which coincided with soaring production.

However, the reduction failed to prompt buyers to return to the market, and the corporation has been forced to buy in and stockpile up to 70 per cent of wool offered for sale at some auctions.

The corporation wanted the floor price scheme to continue, but the government baulked at forecasts from the Australian Bureau of Agricultural and Resource Economics that intervention stocks would rise from 4.8bn bales to 8.7bn over the next two years. Such a rise would have required an increase in the corporation's federally guaranteed debt from A$2.8bn to about A$4bn.

"You just cannot go on and on and on and on guaranteeing billions (of dollars) of taxpayers funds, knowing that you are going to head into a situation that the industry can never crawl out of. We just reached the point of no return," Mr Kerin said.

Wool prices are expected to be volatile in the next few months, but the Government said it expected prices to stabilise at about 375 cents a kilogram, slightly more than half the current floor price.

Australian wool auctions, which were suspended last week, will resume on February 18, but sales will be limited in an attempt to reduce price fluctuations.

The government said A$300m would be made available to the industry's 22,000 specialist wool growers immediately, and supplementary payments would be available later to bring returns up to 700 cents a kilogram for wool sold between now and the end of June.

Plans to limit production through quotas and higher levies on growers will be scrapped, and a flock reduction scheme under which farmers are being paid to shoot up to 20m sheep will be reviewed.

Mr Hugh Beggs, the wool corporation chairman, said he reluctantly supported the decision to suspend price support, but warned that about a quarter of wool growers would face "severe financial stress" from July onwards.

Wool growers organisations around Australia condemned the decision. Mr Jeremy Gehrmann, an executive of the United Graziers Association of Queensland, said many farmers would be forced off the land.

Coughing up more for cloves

Claire Bolderson on a blow to Indonesia's cigarette manufacturers

THE INDONESIAN government is in bad odour with the makers of the clove-scented cigarettes favoured by its population. Its decision to establish a clove trading monopoly controlled by one of President Suharto's sons will almost double the amount the multi-million dollar industry pays for this vital raw material at the factory gate and, according to industry officials, could push smaller cigarette producers out of business.

The Clove Support and Trading Board (BPCC) came into operation on January 1 this year after a bitter struggle between members of the private consortium at the centre of the monopoly, Kembang Cengkeh Nasional, and the kretek cigarette manufacturers who consume almost all of Indonesia's total annual clove production of about 80,000 tonnes. Until this year, a state-owned trading house, Kerta Niaga, was supposed to manage a buffer stock, stabilise the market and fix a floor price for cloves at 6,500 rupiah ($3.40) a kilogram. But Kerta Niaga was underfunded and inadequately managed and often failed to support prices. Recent years saw the price of cloves in Indonesia fall as low as R3,000 a kilogram.

Last week the Indonesian Trade Ministry announced a new floor price of between R7,000 and R8,500 a kilogram, which will be paid to the clove growers by village co-operatives. The BPPC, which groups Kerta Niaga with a five-member consortium, the leading company of which is headed by President Suharto's third son, is now the only body authorised to buy from the co-operatives and to sell to the cigarette industry.

A Trade Ministry official said the new floor price was expected to enable clove growers to earn more. And according to Mr Jantje Wirotitjan, a leading businessman in the consortium, the main purpose of the new system was "to increase the welfare of the farmers".

A clove trading monopoly will almost double the amount the industry pays for this vital raw material

But cigarette producers, grouped in the Association of Indonesian Cigarette Manufacturers, say the main result will be a substantial rise in prices for the consumer and a probable glut in the market. The BPPC will add R1,500 to the floor price when it buys cloves from the village co-operatives and its selling price to the cigarette companies will include as yet undisclosed fees for warehousing, transport and insurance costs. As one association official put it, "they can do anything they want to, any pricing they want", and the official said kretek cigarette producers expected to be buying cloves at anything between R12,500 and R15,000 a kilogram, compared with the R7,500 average they pay now.

But exactly when the cigarette companies are going to be buying BPPC's cloves is not entirely clear. According to the same association official, the members of the association have one year of cloves stocks, or about 80,000 tonnes, in hand and intend to use those stocks before dealing with the new monopoly. It will be at least six months, the official said, before Indonesia's 120 clove cigarette companies have to start buying fresh cloves. Mr Jantje Wirotitjan says that is no problem. "In the future they must contact us because they must buy from BPPC," he says.

The BPPC meanwhile has amassed considerable stocks of its own. According to Mr Wirotitjan, Kerta Niaga, the former clove trade managers, had about 25,000 tonnes at the time the new trading board was formed while its KCN consortium partners had about 60,000 tonnes, giving the new group a total of at least a year's worth of stocks. It is understood that KCN has been buying up cloves over the past three years while prices hovered between R3,000 and R4,000 a kilogram.

When the cigarette companies do start buying cloves again, probably later this year, they will be sold those old stocks first but, the BPPC hopes, at the new, much higher price and according to members of the association, it is in order to make that profit rather than to help the clove farmer that the BPPC monopoly was really formed.

Certainly the establishing of a trading monopoly in Indonesia does not sit well with the countries recent efforts to deregulate the economy. And the connection of a member of the President's family with the trading consortium is, an association member said, an indication of the strong political rather than market considerations that might have encouraged the government to bring in the new system.

Although many clove consumers do acknowledge that a more stable approach to pricing and trading was needed, and that the clove farmer will benefit in the short-term, they say the true effects of introducing the trading monopoly have not been properly thought out and that the system will not work in the long term, in part because it makes no provision for limiting clove acreage. This year Indonesia expects a bumper clove harvest and the worry is that farmers, encouraged by the higher prices being offered by the BPPC will plant more clove trees and try to push production up further.

At the same time, cigarette manufacturers say they may have to consider switching to the manufacture of conventional cigarettes because of the inflated price of the cloves sold to them by the BPPC. They are already predicting a 20 to 40 per cent increase in the price of the highly popular cigarettes and say that thousands of jobs may be lost in the industry, which directly employs 150,000 people and includes the largest taxpayers outside the oil sector.

Aluminium demand 'holding up well'

By Kenneth Gooding, Mining Correspondent

WORLD-WIDE demand for aluminium was holding up surprisingly well in spite of the serious recession in the US building, construction and automotive industries, said Mr Paul O'Neill, chairman of the Aluminium Company of America (Alcoa), yesterday.

"If this is as bad as its going to get – and it is my belief that this is as bad as it is going to get – then it isn't too bad," he said of conditions in the industry.

Alcoa, the biggest aluminium group in the world, shies away from making forecasts but Mr O'Neill went on to say: "If demand is what we expect in 1991, Alcoa will need all the capacity it has." Unlike its main North American rivals, Alcoa has made no cuts to its capital expenditure plans.

While the group has given no details of these, Mr O'Neill pointed out that the go-ahead had only recently been given for an A$300m expansion of the Wagerup alumina refinery operated by Alcoa of Australia (51 per cent owned by the US group). This project, to boost annual output from 850,000 tonnes of alumina to 1.48m tonnes, was approved after long and careful consideration of the market.

Alcoa's main North American competitors, Alcan of Canada, and Reynolds Metals, the second-largest US aluminium group, are taking a more cautious approach.

Reynolds will cut 1991 capital spending from the planned US$700m to $550m to keep within cash flow. The group insists, though, that the cuts will not hurt any important projects already announced. Last year Reynolds' capital expenditure reached $1.1bn of which only 40 to 45 per cent was financed from cash flow.

Alcan plans to cut capital spending from US$1.2bn last year to $900m in 1991. Mr David Morton, the chairman, said at the weekend that the budget would probably be cut again before 1992. He gave a warning that primary aluminium prices might fall further. "Demand is softening but the supply side is still trundling on," he said.

Mr Allen Born, chairman of Amax, another substantial US aluminium producer, said that at current prices even high-cost producers were "making a couple of cents a pound" profit. But if prices dropped another 10 cents a lb, some producers would be forced to cut output. Mr Born suggested that, as aluminium supply and demand were likely to remain balanced in 1991, prices should average about the same as last year: 75 cents a lb.

Alarm grows in Brussels over deepening farm budget crisis

By David Gardner in Brussels

THE ALARM bells over farm spending started to clang inside the European Commission last September, but the new, sharper peals emerging from its agriculture directorate are now tolling for a full-blooded budget crisis.

A confidential memorandum to Mr Ray MacSharry, the European Community's agriculture commissioner, forecasts that the farm "guideline" agreed in February 1988 – to banish budget crises from community affairs – will be exceeded this year and next, by about Ecu1bn (£700m) and Ecu2bn respectively.

The memo acknowledges that, while part of the increase in spending will be caused by integrating eastern Germany into the Common Agricultural Policy, as well as the higher farm support costs of a cheap dollar, the main reason is the "growing imbalances in certain markets such as cereals, milk, beef, sheepmeat, tobacco, protein crops and wine."

Stockpiled beef is now at the record level of 930,000 tonnes and intervention stocks of cereals are only just short of their 1985 record of 18.5m tonnes. The situation would be much worse had drought not reduced the amount of cereals which had to be stockpiled and world prices for oilseeds like soya had not firmed.

Appropriations to maintain the existing structure of the CAP have escalated: Ecu4.3bn to support beef prices, for instance, against Ecu2.3bn budgeted two months ago.

Overall, spending on farm support is now forecast to rise to nearly Ecu33bn this year, up Ecu7.9bn from 1990.

Mr MacSharry had hoped that his reform package, embodying sharp price cuts, modulated compensation targeted mainly at small farmers and severe output curbs, would soon engage with this twin phenomenon of oversupply and overspending. Yet last week's European Council of farm ministers refused the commission even provisional endorsement for its radical plan.

While this stalemate continues the commission's has no alternative but to is to seek a supplementary budget for this year, to impose a restrictive price package – due by March 31 – without any of the compensating offsets which would safeguard farm income under the MacSharry proposals, and to tighten up the operation of the CAP.

The latter measures, costed in detail in the memo, would for example hope to save Ecu70m by lengthening the payment periods for buying in skimmed milk powder, or claw back Ecu210m by "suppression of the safety net in the beef sector", whereby the EC is obliged to buy in excess production at 80 per cent of the intervention price. A further Ecu277m could be saved, the memo suggests, by postponing payments to member states at the annual rounding up of the agricultural budgetary flows. Such savings at the margin are eloquent of just how creaky the CAP mechanisms have become.

"The agricultural budget situation is deteriorating rapidly," the memo, dated January 28, states baldly. So rapidly that the year or more commonly thought to be needed for the community to thrash out its position on farm reform looks more than ever like a luxury it can not afford.

US cotton prices 'to stay high'

HIGH PRICES and tight stocks for US cotton are likely to continue, in part because of a lowered forecast for the freeze damaged crop in California, according to Mr Clayton Yeutter, the US Agriculture Secretary, reports Reuters from Washington.

"It's been almost too good to be true for the last year or two and it's likely to continue for a while. . . partly because of the adverse weather conditions in California," he said.

The new Farm Bill would help cotton farmers gradually to reduce their dependence on government programmes and make the crop more market-oriented, he added.

In Los Angeles, meanwhile, the annual convention of the National Cotton Council was told that US cotton expected to plant 13.9m acres to cotton in 1991, up from the 12.4m planted last year.

A council survey revealed intentions to increase upland cotton plantings by 11.9 per cent to 13.6m acres, while extra-long staple cotton acreage would jump 22 per cent to 283,000 acres. The biggest upland cotton plantings increases were expected in the cotton belt's mid-south region.

California cotton plantings were expected to drop by 8.4 per cent from last year, probably due to water restrictions.

Mr Barr said the per acre yield for 1991 was projeted to be closer to the five-year average of 624 lb because of the increase in acreage.

He estimated harvested US cotton acreage at about 12.9m acres, which works out to 16.1m to 17.4m bales.

● China produced more than 4.25m tonnes of cotton last year, a 16.5 per cent increase over 1989 and the highest level since 1985, the official People's Daily said.

India to lift gold import ban

By R.C. Murthy in Bombay

THE INDIAN government plans partially to lift its ban on gold imports and allow non-resident Indians to bring in as personal baggage up to 250 grams (eight troy ounces) of yellow metal when they travel home.

These imports are to supplement domestic supplies and meet the rising demand from gold-hungry Indians. Annual consumption is 250 tonnes but India produces only 25 tonnes at its Kolar and Hatti gold mines in South India. The remainder is met partly by recycled gold and largely by unauthorised arrivals, estimated at about 170 tonnes a year.

Possession of primary gold was banned some 25 years ago in a bid to curb consumption. But smuggling grew over the years and the V.P. Singh administration repealed the gold control act last year, admitting its failure to slow demand for gold. Mr Shantilal Patel, deputy commerce minister, said the Reserve Bank of India would buy at the ruling market price in rupees half of the gold brought by expatriate Indians at the airport counters and the other half could be brought into the country after paying small, but unspecified import duty.

The price of gold in Bombay is R3,450 (£94) for 10 grams, compared with R2,215 in London. Analysts say the expatriate Indians will have a margin of some 11 per cent on the transaction and it can go up if the rupee continues to depreciate against key international currencies.

The non-resident Indian gold import scheme may be announced in the budget session of parliament scheduled to open on February 21. The government hopes it will bring in some 45 tonnes of gold this year, reducing the scope for smuggling the yellow metal into the country.

WORLD COMMODITIES PRICES

MARKET REPORT

Silver closed down sharply in London after futures plunged in early trading on Comex. Industrial buying has recently supported the market around 380 cents a fine ounce but when this withdrew US traders liquidated positions and players in the quiet London market followed the trend, dealers said. Shortly after midday the Comex March contract was off by more than 20 cents at 363 cents. On the LME nickel broke through upside chart targets to end firmer. Dealers said the gains were mostly technically inspired, and once the $8,700 a tonne level for three-month metal had been broken, prices swiftly advanced to the highs. Also, today's LME stock returns may show a fall as a shipment of Soviet physical metal may not have been unloaded, they said. London cocoa prices by the close had recovered most of earlier losses when the market came under pressure from selling by French trade houses amid talk that the Ivory Coast was offering Jan/Mar 1992 shipment cocoa at around FFr720-730 per 100 kilos. New York's nearby raw sugar contract tumbled to 8.06 cents a lb as the slide below 8.50 triggered heavy commission house and fund selling.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.15-5.35t	+.475
Brent Blend (dated)	$21.20-1.35	+.475
Brent Blend (April)	$19.45-9.55	+.375
W.T.I. (1 pm est)	$20.80-0.90t	+.825
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$242-246	+5
Gas Oil	$325-330	+10
Heavy Fuel Oil	$82-84	-2
Naphtha	$234-238	+5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$367.75	-2.50
Silver (per troy oz)♣	381.55c	-1.70
Platinum (per troy oz)	$383.75	-2.10
Palladium (per troy oz)	$87.75	+1.50
Aluminium (free market)	$1510	+5
Copper (US Producer)	114½c	+2½
Lead (US Producer)	34c	
Nickel (free market)	405c	+7
Tin (Kuala Lumpur market)	14.71r	-0.06
Tin (New York)	257c	
Zinc (US Prime Western)	70c	
Cattle (live weight)†	110.53p	+1.87*
Sheep (dead weight)†	166.25p	+13.8*
Pigs (live weight)†	86.22p	+5.85*
London daily sugar (raw)	$216.5w	-0.5
London daily sugar (white)	$206.0w	-1.5
Tate and Lyle export price	£215.5	-1.5
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£166.5	
Wheat (US Dark Northern)	£94.5	
Rubber (Mar)♥	48.25p	-0.75
Rubber (Apr)♥	48.75p	-0.75
Rubber (KL RSS No 1 Feb)	228.5m	-1.0
Coconut oil (Philippines)§	$325w	+5
Palm Oil (Malaysian)§	$320	-10
Copra (Philippines)§	$200	-10
Soyabeans (US)	£134.75	
Cotton "A" index	65.60c	+0.85
Wooltops (64s Super)	401p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar/Apr. t-Apr. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	182.60	191.00	190.00 177.60
May	185.00	193.20	193.00 180.20
Aug	191.20	199.40	199.40 188.40
Oct	190.60	199.00	195.40 188.20
Mar	190.60	198.00	194.00 187.40
White	**Close**	**Previous**	**High/Low**
Mar	285.5	294.5	295.0 285.0
May	280.5	289.0	289.0 279.6
Aug	283.5	292.5	292.6 282.0
Oct	258.5	268.0	268.5 265.0
Dec	264.0	265.0	262.0
Mar	257.5	268.0	268.0 262.7
May	260.5	272.0	269.0 265.2

Turnover: Raw 1249 (607) lots of 50 tonnes. White 1979 (336)
Paris- White (FFr per tonne): Mar 1408, May 1392, Aug 1418, Oct 1300.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Mar	20.58	19.97	20.68 20.10
Apr	19.63	19.05	19.65 19.20
May	18.79	18.35	18.79 18.60
Jun	18.10		18.10 18.00
IPE Index	20.09	20.20	

Turnover 10940 (10122)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Feb	331.00	295.00	332.00 300.00
Mar	233.50	214.50	233.50 216.50
Apr	191.50	183.00	193.00 181.50
May	180.50	173.50	180.50
Jun	177.00	174.00	177.00 172.00
Jul	173.00	170.00	176.00 173.00
Aug	174.00		174.00

Turnover 17992 (7729) lots of 100 tonnes

TEA

There was a good demand at irregular and often lower levels, reports the Tea Brokers' Association. Assams met less demand at easier rates with some withdrawals. Brightest Africans sold readily with price levels firm to dearer but all other descriptions came to a more selective market and lesser mediums proved a weak feature. Ceylons attracted good competition at marginally easier rates. Offshore teas met a good enquiry at generally firm prices. Quotations: quality 215p nominal, medium 115p, low medium 83p.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	592	599	596 588
May	831	835	834 824
Jul	660	664	662 654
Sep	688	690	688 680
Dec	724	727	724 715
Mar	749	751	750 740
May	769	771	770 760

Turnover: 7029 (3757) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 8 819.19 (822.37) 10 day average for Feb 11 835.92 (839.34)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Mar	516	519	535 513
May	530	531	546 529
Jul	546	544	557 545
Sep	563	561	573 567
Nov	578	577	585 580

Turnover: 4272 (2551) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 8: Comp. daily 68.95 (67.49). 15 day average 67.92 (67.95)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Feb	100.0	99.5	100.0
Apr	125.5	127.9	127.5 124.5
May	145.5	149.3	147.0 144.0

Turnover 110 (81) lots of 40 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Feb	107.00		107.00
Apr	109.20	109.20	109.20 109.00

Turnover 51 (100)lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Feb	1570	1553	1578 1570
Mar	1521	1503	1523 1515
Apr	1400	1374	1415 1375
Jul	1075	1065	1078 1070
Oct	1180	1165	1180
BFI	1553	1544	

Turnover 222 (247)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	123.30	123.40	123.65 123.20
May	126.85	127.00	127.25 126.90
Jun	128.85	129.05	129.15 129.05
Nov	110.00	109.90	110.00
Jan	113.75		113.65
Barley	**Close**	**Previous**	**High/Low**
Mar	113.45	113.50	113.60 113.30
May	116.45	116.55	116.60 116.45

Turnover: Wheat 192 (228), Barley 75 (165). Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Mar	107.0	106.5	106.5
May	107.0	107.5	107.0
Jun	107.0		107.0
Jul	105.5		104.5
Sep	104.0		104.0

Turnover: 41 (46) lots of 3,250 kg

HOGS – London FOX

	Close	Prev.	High	Low	Vol
Indx	155.93	154.26	155.53		
Mar	156.40	155.80	156.40		30
Jun	156.00		156.80	156.00	299

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 15,684 lots	
Cash	1503-5	1501-2	1507/1506	1505-6		
3 months	1535-6	1534-5	1547/1534	1537-8	1537-8	49,679 lots
Copper, Grade A (£ per tonne)					Total daily turnover 19,490 lots	
Cash	1219-21	1214-5	1229/1219	1228-9		
3 months	1221-2	1219-20	1231/1220	1230-1	1221-2	107,118 lots
Lead (£ per tonne)					Total daily turnover 2,209 lots	
Cash	302-3	298-9	305/302.5	305-6		
3 months	314-5	319.5-10.5	318/312	317-8	312-3	13,627 lots
Nickel ($ per tonne)					Total daily turnover 1,345 lots	
Cash	8780-800	8580-70	8710/8700	8700-10		
3 months	8750-75	8675-800	8775/8650	8675-90	8770-80	8,074 lots
Tin ($ per tonne)					Total daily turnover 695 lots	
Cash	5540-50	5670-5	5540	5640-50		
3 months	5640-50	5660-70	5650/5640	5640-50	5635-45	8,794 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 8,234 lots	
Cash	1180-1	1177-8	1178	1176-8		
3 months	1177-8	1176-7	1185/1171	1178-80	1173-4	17,561 lots

LME Closing £/$ rate: SPOT: 1.9975 3 months: 1.9652 6 months: 1.9366 9 months: 1.9161

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	367.50-368.00	
Opening	368.00-368.50	
Morning fix	368.00	184.674
Afternoon fix	366.86	183.839
Day's high	368.20-368.60	
Day's low	366.60-367.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.30	6 months	5.20
2 months	5.30	12 months	5.16
3 months	5.25		

Silver fix	p/fine oz	US cts equiv
Spot	191.50	381.55
3 months	197.60	387.90
6 months	203.65	394.00
12 months	214.95	407.45

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	368.00-369.00	184.50-185.00
Maple leaf	378.00-373.00	189.40-189.90
New Sovereign	89.00-90.00	44.50-46.00

TRADED OPTIONS

Coffee	Mar	May	Mar	May
450	65	80		1
500	16	38	1	9
550		12	35	33
Cocoa	**Mar**	**May**	**Mar**	**May**
550	41	87		7
600	8	51	15	21
650		26	58	48

Brent Crude	Apr	May	Apr	May
1900	160			
1950	140			
2000			150	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	367.1	370.1	370.0	367.0
Mar	367.3	370.6	0	0
Apr	369.1	372.4	371.3	368.5
Jun	372.3	375.6	374.5	372.0
Aug	375.4	378.7	376.0	375.9
Oct	378.6	381.9	0	0
Dec	381.9	385.2	382.0	381.5
Feb	385.4	388.7	0	0
Apr	388.6	392.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	378.9	383.1	382.0	377.5
Jul	382.6	386.6	385.0	382.2
Oct	386.1	390.3	0	0
Apr	395.6	399.8	0	0
Apr	401.2	409.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	368.5	382.0	372.5	371.0
Mar	369.7	383.3	381.0	363.0
Apr	371.8	385.5	0	0
May	374.4	388.3	386.6	369.0
Jul	378.9	393.1	391.0	373.0
Sep	383.7	398.1	389.0	380.0
Dec	390.8	405.4	402.0	388.0
Jan	392.3	407.0	0	0
Mar	396.2	413.0	410.5	394.0
May	403.6	418.8	400.0	400.0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 11	Feb 8	mnth ago	yr ago
1672.1	1657.6	1697.4	1792.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 8	Feb 7	mnth ago	yr ago
Spot	121.87	121.87	124.30	128.73
Futures	127.57	126.02	126.10	130.42

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	110.50	110.25	110.80	109.60
Mar	110.10	108.45	110.90	108.70
Apr	108.30	108.00	109.00	108.90
May	107.30	106.95	107.70	106.30
Jun	107.00	106.45	0	0
Jul	105.80	105.65	106.30	105.05
Aug	105.10	104.95	0	0
Sep	104.40	104.25	104.30	104.00
Oct	103.90	103.85	0	0
Nov	103.40	103.40	103.40	103.40

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	22.58	21.92	22.60	21.75
Apr	20.97	20.41	21.00	20.30
May	19.98	19.44	20.00	19.35
Jun	19.35	18.89	19.37	18.80
Aug	18.71	18.39	18.71	18.39
Sep	18.66	18.36	18.65	18.34
Oct	18.62	18.36	18.62	18.37
Dec	18.60	18.36	18.60	18.36

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Mar	7160	6722	7170	6770
Apr	6165	5915	6165	5910
May	5670	5457	5680	5460
Jun	5410	5227	5410	5200
Nov	5540	5432	5540	5515

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1135	1132	1140	1125
May	1158	1159	1170	1153
Jul	1189	1198	1202	1185
Sep	1228	1229	1231	1223
Dec	1271	1278	1280	1274
Mar	1313	1318	1330	1310
May	1345	1350	0	0
Jul	1375	1380	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	88.35	87.25	89.00	86.85
May	90.20	89.35	91.10	89.40
Jul	92.40	91.65	93.50	92.00
Sep	94.40	94.00	95.50	94.25
Dec	97.00	96.80	98.30	97.00
Mar	99.80	98.00	100.25	99.80
May	101.65	100.50	102.50	102.50
Jul	103.80	102.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.20	8.54	8.55	8.06
May	8.27	8.55	8.54	8.10
Jul	8.31	8.57	8.57	8.10
Oct	8.33	8.59	8.58	8.20
Mar	8.49	8.80	8.68	8.39
May	8.53	8.84	0	0
Jul	8.60	8.94	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	83.15	84.13	84.20	83.00
May	82.04	82.38	82.73	81.75
Jul	80.86	81.24	82.85	80.75
Oct	70.90	71.22	71.20	70.70
Dec	67.65	67.80	68.00	67.40

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	122.25	122.20	123.35	121.65
May	122.10	121.65	123.00	121.20
Jul	121.25	121.50	122.50	121.25
Sep	121.25	122.00	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	566/6	568/6	569/4	566/4
May	580/6	582/4	583/4	580/4
Jul	593/6	595/4	596/4	593/4
Aug	599/4	600/6	601/4	599/0
Sep	603/2	604/6	605/0	602/4
Nov	612/2	614/6	614/6	611/4
Jan	623/4	626/4	626/0	623/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	21.13	21.47	21.49	21.11
May	21.47	21.78	21.84	21.46
Jul	21.74	22.03	22.09	21.73
Aug	21.78	22.05	22.08	21.78
Sep	21.75	22.07	22.05	21.75
Oct	21.80	22.05	22.03	21.80
Dec	21.99	22.30	22.22	21.98
Jan	21.90	22.15	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	164.7	163.8	165.0	163.4
May	168.8	168.2	168.9	167.7
Jul	173.5	172.6	173.6	172.0
Aug	175.8	175.0	175.8	174.8
Sep	177.2	176.1	177.5	176.7
Oct	178.7	178.2	179.0	178.2
Dec	182.4	181.5	182.5	181.3
Jan	182.7	181.8	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	241/2	240/2	242/6	239/6
May	250/0	249/0	251/6	249/4
Jul	256/2	255/0	257/6	254/4
Sep	256/2	255/6	258/2	265/4
Dec	258/4	258/0	260/0	257/2
Mar	265/0	264/4	266/4	264/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	251/6	252/6	254/4	250/0
May	261/4	262/4	264/6	260/0
Jul	271/4	272/6	274/4	269/6
Sep	277/4	279/4	281/0	277/0
Dec	280/6	292/4	294/0	290/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	78.50	78.47	78.60	78.30
Apr	77.37	77.17	77.40	76.90
Jun	74.70	74.80	74.72	74.67
Aug	73.67	73.57	73.70	73.35
Oct	73.62	73.77	73.70	73.45
Dec	74.00	74.05	74.25	74.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	52.05	52.57	52.15	51.75
Apr	48.32	49.55	49.40	48.30
Jun	54.45	54.42	54.50	54.00
Jul	54.35	54.40	54.40	54.00
Aug	51.80	51.87	52.00	51.65
Oct	46.75	46.85	47.05	46.65
Dec	47.10	47.15	47.15	46.85

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	64.10	63.92	64.25	62.90
Mar	63.47	63.30	63.60	61.98
May	63.75	63.45	64.00	62.20
Jul	61.80	62.32	62.35	61.30
Aug	59.75	60.25	60.45	59.80
Feb	59.50	53.60	59.60	

Continued on Page 31

LONDON STOCK EXCHANGE

Shares at their best for six months

STOCK FUTURES markets on both sides of the Atlantic set the pace yesterday for another strong advance in UK equities. Potentially discouraging factors, which included a fall in the short sterling rate and a substantial rise in UK producer prices, were brushed aside by a stock market which is convinced that global interest rates are on the way down and that domestic rates will soon follow the lead from the US.

Share prices rose quickly yesterday morning as the new trading account opened with the premium on the FT-SE futures contract expanding to 40 points. Trading was largely unaffected by a systems failure on the electronic Topic screens and the Footsie Index was soon 26 points ahead.

The market cooled off briefly before renewing its advance when Wall Street started the new session with a further advance. With the Footsie futures still showing a premium of about 18 points above fair value when the Liffe market closed, equities ended at the day's best with a Footsie gain of 33.8 points at 2,279.0, the highest daily close for more than six months.

Traders were somewhat at a loss to explain the market's strength, and admitted that yesterday's announcement that UK producer output prices had gained 1.2 per cent in January was somewhat discouraging for hopes of an early cut in base rates. Moreover, this week brings a flow of important economic data, including UK wages and employment figures tomorrow and on Friday the January retail price index (RPI); the RPI numbers will provide the latest pointer to inflation trends, a key factor in the interest rate debate.

The most significant issue behind the rise in share prices was the continued unwillingness of investors, private and institutional, to sell stock. The current advance in share prices was triggered at FT-SE 2,100, less than three weeks ago, and was inspired by the view that the UK market offered underlying value at that level.

"We have not yet reached over-valued territory," commented Mr Bill Smith at Barclays de Zoete Wedd, the UK investment bank. He warned, however, that the market faces severe tests of confidence during the corporate reporting season, which opens this week with such big names as British Petroleum and British Telecom. Also hanging over investment decisions is the continued uncertainty over developments in the Gulf war.

The absence of sellers of stock, together with the strong rise in the Footsie futures, put heavy strains on marketmakers' trading positions. Arbitraging between futures and the underlying cash market, once a profitable operation for the big trading houses, has now become extremely difficult; share prices rise very sharply as soon as the arbitrageurs show their hands in the cash market.

Towards the close, when London was responding strongly to the opening strength of Wall Street, traders sounded almost bewildered. Hints circulated of large bids pending in equities, or of buying orders from institutions. However, there was no solid evidence of such developments.

Seaq volume, including both inter-dealer and customer interest in equities, totalled 478.4m shares, compared with 380.2m on Friday. Data from the International Stock Exchange indicates that customer business, which has been erratic recently, jumped to £1.1bn last Thursday, one of the few occasions recently when turnover had crossed the £1bn mark.

Account Dealing Dates		
*First Dealings:		
Jan 28	Feb 11	Feb 25
Option Declarations:		
Feb 7	Feb 21	Mar 7
Last Dealings:		
Feb 8	Feb 22	Mar 8
Account Day:		
Feb 18	Mar 4	Mar 18

*New-time dealings may take place from 8.30 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Feb 11	Feb 8	Feb 7	Feb 6	Feb 5	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	85.05	85.15	85.01	84.70	84.61	80.89	85.15 (8/2/91)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.61	93.60	93.53	93.47	93.46	91.34	93.61 (11/2/91)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1793.7	1760.2	1756.2	1718.8	1724.8	1810.6	1968.3 (3/1/90)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	137.1	138.1	131.7	129.2	134.2	344.20	378.5 (6/2/90)	129.2 (6/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2279.0	2245.2	2243.7	2194.8	2202.0	2286.90	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	997.27	985.20	971.96	966.63	967.25	-	1003.35 (6/12/90)	900.45 (14/1/91)	1003.35 (6/12/90)	900.45 (14/1/91)
Ord. Div. Yield	5.35	5.45	5.46	5.57	5.55	4.75				
Earning Yld %(full)	11.15	11.35	11.37	11.61	11.56	11.48				
P/E Ratio(Net)(☆)	10.85	10.65	10.63	10.42	10.46	10.54				
SEAQ Bargns 4.45pm	33,826	27,239	31,514	29,137	32,114	24,580				
Equity Turnover(£m)†	-	755.81	1117.06	937.63	1283.85	658.44				
Equity Bargains†	-	27,039	31,798	28,032	31,761	25,200				
Shares Traded (ml)†	-	342.2	490.2	489.5	571.0	377.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 10.66 ♣- Indicative

Ordinary Share Index, Hourly changes — Day's High 1795.8 — Day's Low 1766.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1766.7	1768.3	1779.9	1780.2	1783.7	1786.3	1785.8	1788.6	1795.5

FT-SE, Hourly changes — Day's High 2280.9 — Day's Low 2252.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2252.5	2253.9	2268.2	2268.6	2270.9	2272.9	2271.9	2274.2	2280.5

FT-SE Eurotrack 100, hourly changes — Day's High 998.73 — Day's Low 995.91

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
996.37♣	997.73♣	998.22	997.62	998.29	998.02	998.38

GILT EDGED ACTIVITY

Indices*	Feb 8	Feb 7
Gilt Edged Bargains	69.8	103.5
5-Day average	96.6	102.0

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Buyers hunt drug stocks

GLAXO and several other large drug companies registered record highs yesterday as institutions hunted for liquid stocks in an effort to buy into an otherwise squeezed market.

Glaxo, with interims due on February 28, climbed 15 to 930p in good volume of 1.4m. Ms Barbara Arzymanow of Kleinwort Benson said: "Even at this level, Glaxo's p/e [price-earnings ratio] relative is back to the levels of the pre-Zantac era. People should not underestimate the company's new products."

Zantac, Glaxo's anti-ulcer product, is the company's, and the world's, biggest selling drug and accounted for Glaxo's rise to its position as the largest UK pharmaceutical company.

Others to hit new highs included SmithKline Beecham, up 10 at 676p, and Fisons, 10 higher at 396p. Mr Martin Hall at UBS Phillips & Drew said buying interest had been prompted by a view that the dollar was fundamentally undervalued and would rise over the medium term. Drug company revenues come largely from outside the UK.

Ms Arzymanow added that she expected pharmaceutical sector earnings growth for the first half of the 1990s to be "much higher" than that of the London stock market as a whole. Earnings per share would rise 12 per cent in 1991 and 15 per cent a year in the following three years – six percentage points higher than FT-A 500-share index constituents, she continued.

Burmah advance

Burmah Castrol gave the best performance of the oil issues, advancing 14 to 532p on what was described as good turnover of around 500,000 shares. The stock was boosted by a number of bullish factors, including a suggestion that SHV, the private Dutch group, may have been adding to its shareholding, last revealed as being 9.14 per cent.

Burmah was also claimed to be one of the main beneficiaries of lower UK interest rates, which would have a big effect on the company's equity/debt gearing.

Reports of a possible link-up between Burmah Castrol and Calor Group, the bottled gas concern in which SHV has a 44.2 per cent stake, have been around for some time, and a number of specialists continue to expect a deal to materialise. Calor, on the other hand, performed relatively poorly; at the close the stock was a fraction easier at 229p on turnover of only 119,000 shares.

Electricity shares maintained their good performances, responding to the cold weather factor. The Electricity Package moved up to £1855 prior to settling a net 32 higher at £1840. Of the individual stocks, Manweb climbed to a record 214p before closing 7 up at 212p, albeit in relatively thin trading of 746,000 shares.

Large lines of stock in the water sector showed up on the Seaq delayed ticker late in the session. A block of 2.3m Thames Water shares changed hands at 306p, while a line of 943,000 North West was booked at 301p and 900,000 Anglian recorded at 302p. Thames settled 6 up at 305p, Anglian 4 firmer at 302p and North West 3 ahead at 301p.

Reports that contractors building the Channel tunnel had achieved a breakthrough in their claim for substantial extra payments from Eurotunnel depressed the shares 13 to 475p.

British Airways was up 8½ at 141p ahead of its third quarter results due today. After the market closed unions representing workers at BA said the company would announce 4,600 job cuts.

The oil and gas sector was one of the market's more disappointing areas, in spite of the continuing bad weather in the UK and on the Continent. British Gas, always quick to respond to severe weather as customers increase consumption, could manage only a minor improvement, closing a net 2½ ahead at 247½p on what was seen as disappointingly low turnover of 8.1m shares. Specialists said the stock was restrained by slight unease ahead of the publication of the Ofgas annual report. This is expected to again focus on competition in the gas industry and on the quality of service to gas consumers.

Barclays de Zoete Wedd issued another bearish note on BP, and cut its fourth quarter dividend forecast to 3.95p from 4.25p. It pared the 1991 prediction from 17.1p to 16.6p, around the lowest in the market.

"The market is being far too optimistic about BP's dividend and will be disappointed when reality dawns," said BZW's Mr Jeremy Elden. He added that earnings and cash flow fundamentals do not support a dividend increase at this time. Net debt to equity, he said, is 61 per cent, cover is 1.2 times; "our 1991 reduced dividend forecast would be uncovered by replacement cost earnings at oil prices below $20 a barrel". BP reports fourth quarter figures on Thursday.

Bank shares were left behind by the rest of the market, reacting to a late flurry of profit-taking. Abbey National, whose shares have been setting record levels recently, were restrained by the appearance of profit-takers and settled a shade easier on the day at 260p with 2.9m shares traded.

Kleinwort Benson stood out in merchant banks, the shares advancing a further 14 to 329p after another bout of aggressive buying interest.

The scent of lower interest rates produced gains throughout the building stocks. Housebuilders were chased higher throughout the session, with the biggest percentage rises evident in the smaller companies. Barratt Developments, sold down to 57p only two weeks ago amid worries about its Californian housebuilding interests, added 7 at 82p, with buying stimulated by a recent County Natwest buy note. Cala climbed 11 to 96p.

Sheltered homes constructors Anglia Secure Homes and McCarthy & Stone were strongly supported, the latter adding 8 at 39p and the former 5¼ at 61p, after McCarthy's reassuring annual meeting.

A trickle of selling by UK and US institutions was met by more than enough buyers in Reuters but prevented the stock from maintaining its upward momentum from the previous session. The company reveals final results today, and although analysts are confident of reasonable figures, some are wary of what tone might be struck by the accompanying statement. The shares rose 13 to 772p on good turnover of 1m.

Hanson continued its bull run ahead of tomorrow's first quarter figures. The shares put on 5¾ to 218½p, their highest level since August 3. Turnover was a busy 8.5m shares.

BOC could manage a rise of only a penny to 543p ahead of first quarter results due on Thursday.

Hunter Saphir, the food retailer, advanced 23 to 80p after the company said it was in talks which might lead to a bid. The speculation was that Fyffes, a penny firmer at 91p ex-dividend, Albert Fisher, unchanged at 110p, or Geest, up 5 at 279p, could be the interested parties.

Wickes, the DIY retailer, moved up 5 to 50p after the company announced a rights issue. The shares rose on the belief that the additional capital could help it survive the recession. However, some analysts were surprised by the market's reaction. "This move up seems to anticipate a lot of good news on interest rates. Wickes is not out of the woods yet by any means," one commented. Hillsdown, which owns a 20 per cent stake, was initially easier but finished the day 3 higher at 195p.

Amstrad shares were a nervous market ahead of today's interim figures, which are expected to show pre-tax profits in the region of £40m, compared with £30m. Amstrad closed 3 easier at 69p.

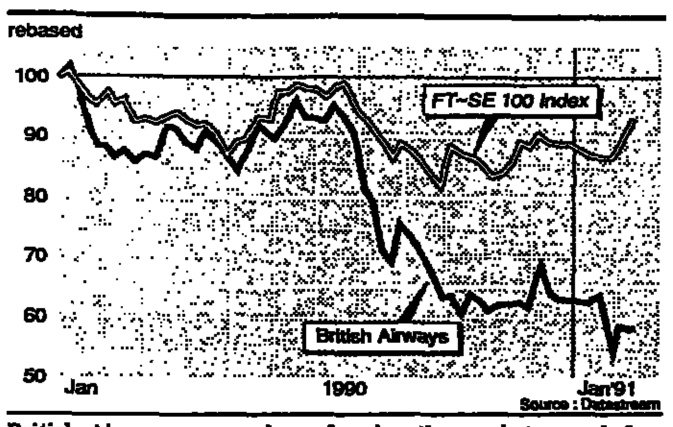
Buyers chased property stocks, particularly those of smaller companies with depressed share prices which are deemed to be well-placed to recover as interest rates fall. This led to painful squeezes in many quarters. Brixton Estates climbed 6 to 154p and Cabra Estates 4 to 17p.

MEPC managed an improvement of just 4 to 541p after the company said it had agreed to sell its Eagle House development in London's Cannon Street to the Bank of China. MEPC did not disclose the sale price of the development, which is costing £14m to build, but said the deal had "significant tax-related advantages".

One of the few stocks in the property sector to show a decline on the day was Mountleigh, as the company proposed a $280m (£140m) bid for Fairchild, the US engineering group. The shares dropped to 63p just after the announcement as it took some minutes for the fact that the bid was highly conditional to filter into the market. The shares recovered somewhat to end the day a net penny off at 66p.

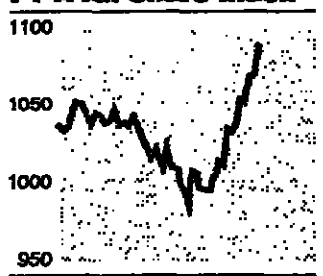
Sports shoe maker Hi-Tec was 11 better at one point after the company said that annual profits would significantly exceed the previous year's £6.4m and the previous record of £7m. The shares ended at 76p, a net improvement of 8.

Tootal added 2 at 66p after favourable broker comment and on vague talk of a bid from Courtaulds.



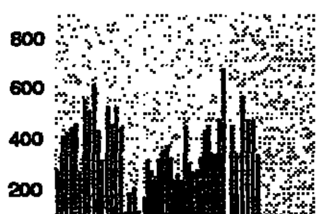
British Airways was underperforming the market even before the Gulf crisis. Higher oil prices have squeezed margins and further pressure came as the recession deepened in the last quarter of 1990. Passenger traffic has fallen sharply as the Gulf war has increased fears of terrorist activity. In today's third quarter statement analysts expect BA to announce anything between a £20m loss and £30m profit, against £71m profit previously. Cost-cutting measures and large job losses were disclosed yesterday, but the market doubts that this will be enough to reverse BA's underperformance.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



■ Other market statistics, including the FT-Actuaries Share Index, Page 27.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	2,200	100	+5
ASDA Group	3,300	127	+3
Abbey National	3,200	260	-1
Albert Fisher	2,600	110	+1
Allied-Lyons	1,600	512	+4
Amstrad	9,100	69	-3
Anglian Water	1,200	302	+4
Argos	1,800	280	+10
Argyll Group	1,000	282	+3
Ass. Brit. Foods	265	489	+1
BAA	906	353	+5
BAT Inds.	2,300	648	+3
BET	3,200	117	+3
BICC	2,300	383	+13
BOC	710	543	+1
BPB Inds	651	211	+8
BTR	2,500	354	+7
Bank of Scotland	4,800	132	+2
Barclays	3,000	397	+4
Bass	734	974	+15
Beazer	1,300	118	+1
Beresford Int.	2,700	28	+2
Blue Circle	2,900	243	+3
Boots	3,200	345	+5
Bowater	412	493	+15
Brit. Aerospace	469	561	+8
British Airways	4,600	141	+8½
British Gas	5,700	247½	+2½
British Land	870	322	+4
BP	4,000	318	+2
British Steel	2,900	134	+2½
British Telecom	5,400	293½	
Bunzl	1,700	68	+1
Burmah Castrol	632	532	+14
Burton	2,900	92	+4
Cable & Wire.	748	497	+5
Cadburys	1,900	348	+6
Calor Group	115	229	-1
Carlton Comms	728	375	+10½
Coats Viyella	468	110	+2
Comm. Union	842	493	+4
Cookson	725	118	+4

	Volume 000's	Closing Price	Day's change
Courtaulds	1,000	348	+10
Dalgety	1,500	370	+2
Dixons	2,500	171	+8
ECC Group	780	383	+11
Eastern Elect.	2,100	176	+2
East Midland Elect.	783	170	+2
Enterprise Oil	837	546	+6
Eurotunnel Units	1,100	475	-13
FKI	2,400	40	+2
Ferranti	1,100	11	+2
Fisons	1,900	396	+10
Gen. Accident	539	824	+20
General Elect.	10,000	192½	+2
Glaxo	1,400	930	+15
Glynwed Intl.	285	224	+6
Granada	445	171	+2
Grand Met.	1,400	700	+9
GUS A	655	1215	+27
GRE	4,600	203	+6
GKN	785	336	+12
Guinness	1,900	796	+17
Hammerson 'A'	300	620	+20
Hanson	8,500	218½	+8
Hanson Warrants	748	38½	+3
Harrisons Crosfield	717	144	+2
Hawker Sidd.	632	487	+17
Hillsdown	613	195	+3
IMI	411	218	+7
ICI	1,800	878	+8
Inchcape	13,000	346	-4
Kingfisher	1,400	401	+1
Ladbroke	3,800	229	
Land Securities	1,500	556	+8
Laporte	303	522	+5
Legal & General	1,600	397	+11
Lloyds Abbey	478	387	+9
Lloyds Bank	1,900	329	+1
LASMO	1,300	370	+9
London Elect.	2,100	184	+6
Lonrho	2,000	200	+9
Lucas	1,100	145	+2
MB Caradon	757	191	+6

	Volume 000's	Closing Price	Day's change
MEPC	373	541	+4
Manpower	747	65	+2
Manweb	746	212	+7
Marks & Spencer	5,500	246	+6
Maxwell Comms	4,300	152	+2
Midland Bank	1,600	193	+3
Midlands Elect.	937	180	+4
NatWest Bank	3,000	310	+4
Next	10,000	27½	+3
North West Water	2,200	301	+3
Northern Elect.	407	195	+7
Northern Foods	530	394	+3
Norweb	645	190	+4
Pearson	466	673	+10
P & O	1,400	541	+18
Pilkington	3,000	174	+5
Prudential	2,000	222	+7
RHM	1,200	312	+2
RMC	329	663	+14
RTZ	1,300	482	+11
Racal	3,400	184	+5
Racal Telecom	1,200	298	+10
Rank Org.	936	678	+21
Reckitt & Colman	178	1322	+8
Redland	1,100	615	+14
Reed Intl.	618	395	+8
Reg. Elect. Pkg Uts	4	£1840	+32
Reuters	1,000	772	+13
Rolls Royce	10,000	151½	+3½
Rothmans	307	730	+5
Ryl Bk Scotland	1,200	181	+6
Royal Insurance	1,300	433	+19
Saatchi	1,800	23	
Sainsbury	2,500	349	+8
Scottish & New.	1,000	389	+5
Sears	3,700	88	+1½
Sedgwick	1,100	243	+8
Seeboard	993	176	+5
Severn Trent Water	567	294	+2
Shell Transport	2,500	459	+5
Siebe	691	311	+6½
Slough Ests	361	241	+7

	Volume 000's	Closing Price	Day's change
Smith (W.H.) A	1,900	342	+8
Smith & Nephew	3,600	98	+2½
SmKl Beecham	1,200	876	+10
SmKl Beecham Uts.	0	2335	+52
Smiths Inds.	1,200	258	+3
Southern Elect.	632	178	+3½
South Wales Elect	187	198	+3
South West Water	745	315	
South West. Elect	129	188	-2
Southern Water	700	291	+7
Standard Chartd.	480	272	+4
Storehouse	885	113	+4
Sun Alliance	1,500	365	+13
Sun Life	0	1088	+5
T&N	52	187	+5
TI Group	573	425	+4
TSB	5,700	150	+7½
Tarmac	1,400	254	+9
Tate & Lyle	882	305	+1
Taylor Woodrow	1,500	253	+13
Tesco	2,900	239	-2
Thames Water	2,800	305	+6
Thorn EMI	425	843	+10
Trafalgar House	3,100	225	+11
Trusthouse Forte	1,600	237	+2
Ultramar	1,200	315	+4
Unigate	651	296	+8
Unilever	1,200	713	+25
United Biscuits	1,500	355	+5
Utd. Newspapers	202	313	+5
Water Package Uts.	7	£3018	+35
Wellcome	344	493	+8
Welsh Water	142	326	+2
Wessex Water	525	332	+2
Whitbread 'A'	1,300	455	+1
Wiggins Teape	888	197	+5
Williams Hldgs.	2,800	253	+9
Willis Corroon	1,000	281	+6
Wimpey	[illegible]	180	+11
Yorkshire Elect.	911	193	-1
Yorkshire Water	120	309	+3

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (53).
BRITISH FUNDS (4) INT.BANK & O'SEAS GOVT. STLG. ISSUES (1) AMERICANS (1) BANKS (7) BREWERS (1) BUILDINGS (5) STORES (7) ELECTRICALS (3) ELECTRICITY (3) FOODS (6) INDUSTRIALS (6) China Light, Creighton Naturally, Glaxo, Novo Nordisk B, Rank Organ. 8¼pc (Net) Cnv. Cm. Rd. Prf., Sanders & Sidney, SmithKline Beecham A, Do Equity Units. INSURANCE (3) PROPERTY (1) TRUSTS (10) OILS (1).

NEW LOWS (58).
BANKS (2) BUILDINGS (6) STORES (2) ELECTRICALS (3) ENGINEERING (5) INDUSTRIALS (14) AIM, Amber Indl., Burndene, Business Technology, Copymore, Doctus, Dyson (J. & J.), Hall Homes & Gardens, Hampson 6.5p (Net) Prf 1991/03, Marling Inds., Melville, RMT, Rock, TT. LEISURE (4) MOTORS (2) PAPERS (3) PROPERTY (3) TRANSPORT (3) TRUSTS (7) OILS (3) MINES (2).

APPOINTMENTS

Changes at Ibstock Johnsen

■ Mr Ian Maclellan has been appointed group managing director of IBSTOCK JOHNSEN. He was joint managing director with Mr Richard Boxall who has taken early retirement. Joining the main board are Mr John Milham, managing director, Ibstock Building Products, and Mr Peter Aspden who becomes finance director - he was head of group finance.

■ HUNTING OILFIELD SERVICES, Aberdeen, has restructured. Mr Brian Green has been appointed sales and marketing director of the connector products division; Mr Sam McClements joins the board as director of the oil country tubular goods division; Mr Bill Thompson joins as commercial and operations director, connector products division; and Mr Alan Turner becomes engineering director.

■ Mr Ian Percy becomes GRANT THORNTON's senior partner in Scotland when his year as president of the Institute of Chartered Accountants of Scotland is completed.

■ NM FINANCIAL MANAGEMENT has appointed Mr Nick Dunseath as managing director, NM Unit Trust Managers. He was managing director of NM Life Assurance and continues as a director, as well as director of NM UK. Mr Mark Pearson, agency director, direct sales, becomes director, marketing and sales, and joins the board of NM Life Assurance.

■ Mr Anthony Burgess-Webb has been promoted to group marketing director of HILL AND KNOWLTON (UK). He remains managing director of Hill and Knowlton, Manchester.

■ Mr Alan Jackson, managing director and chief executive of BTR, has been appointed to the board of the RESERVE BANK OF AUSTRALIA for five years.

■ Mr Alan J.M. Lawson has been promoted to managing director of FORBO-NAIRN, Kirkcaldy. He was deputy managing director and succeeds Mr Ronald E.J. Morris, who retires.

■ Mr Gordon Younger, general manager, money transmission, at the Co-operative Bank, has been elected chairman of the CHEQUE AND CREDIT CLEARING COMPANY which is responsible for the day-to-day operations of the English and Welsh bulk paper clearing system of member banks and building societies.

■ THE LANDS IMPROVEMENT GROUP has appointed Mr Robin Herbert to the board. He will succeed Mr Leonard G. Hall as chairman following the annual meeting in May.

NABARRO NATHANSON has appointed Mr Simon Howell (pictured) as finance director. He was general manager, finance, at S.G. Warburg Group, working primarily in the securities markets. Prior to that he was financial director at Mills and Allen.

■ Mr Nigel McConnell has joined the board of ELECTRA KINGSWAY as a director responsible for developing private equity transactions in the UK and Europe. He was a director of Prudential Venture Managers.

■ CENTURY OILS GROUP has appointed Mr Michael Cottrell as a non-executive director. He was managing director of Courage from 1982 to 1987.

■ LAZARD BROTHERS & CO has appointed Mr Adrian Evans as an executive director, and Mr Nicholas Shott as an assistant director. Mr Evans was managing director of The Benchmark Group, and Mr Shott was chief executive of The Sunday Correspondent.

■ UBS PHILLIPS & DREW has appointed Mr Bruce Gaitskell as a director and head of the UBS Group's securitisation unit. He joins from Mortgages, where he was chief executive.

Mr Jonathan Rashleigh (pictured) has been appointed finance director of LEGAL & GENERAL VENTURES. He was financial controller, 3i Group. Mr Tim Howard has been appointed marketing planning manager, general insurance division, Legal & General.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990/91 High	1990/91 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99⅛	92¾	Funding 5¼pc '87-91‡‡	99⅛	.....	5.80	[illegible]
98⅛	89¼	Treas 3pc 1991	98⅛	.....	3.06	[illegible]
99½	94½	Treas 10pc Cv '91 ‡‡	99½	.....	10.09	[illegible]
99⅝	94⅞	Exch 11pc 1991	99½	.....	11.06	[illegible]
97¼	90	Treas. 8pc 1991	97¼	.....	8.23	[illegible]
101⅜	97⅜	Treas 12¼pc 1992‡‡	101¼	.....	12.59	[illegible]
98¾	92¾	Treas 10pc 1992	98¼	.....	10.13	[illegible]
96½	89⅛	Treas. 8pc 1992 ‡‡	96½	.....	8.29	[illegible]
99¼	93⅜	Treas 10½pc Cv 1992‡‡	99¼	.....	10.58	[illegible]
93½	82⅜	Treas 3pc 1992	92⅝	.....	3.24	[illegible]
101⅜	95⅜	Exch. 12¼pc '92	101⅜	.....	12.05	[illegible]
104	98¾	Exch 13½pc 1992	103⅝	.....	13.03	[illegible]
95⅜	86¾	Treas 8¼pc 1993	95⅝	-⅛	8.63	[illegible]
98¾	90¾	Treas 10pc 1993‡‡	98⅜	-⅛	10.13	[illegible]
104	96⅞	Treas 12½pc 1993‡‡	103⅜	-⅛	12.03	[illegible]
92⅞	82	Funding 6pc 1993‡‡	91⅜	+⅛	6.56	[illegible]
107⅜	99⅝	Treas 13¾pc 1993‡‡	107⅜	-⅛	12.80	[illegible]
95⅛	84⅝	Treas 8½pc 1994	95⅛	.....	8.94	[illegible]
111⅜	102⅞	Treas 14½pc 1994‡‡	110⅜	.....	13.10	[illegible]
108⅜	99⅛	Exch 13½pc 1994	108¼	-⅛	12.47	[illegible]
99⅛	88⅜	Treas. 10pc Ln. 1994‡‡	99⅛	.....	10.09	[illegible]
106⅛	96⅞	Exch. 12½pc 1994	106⅛	.....	11.78	[illegible]
95⅛	85	Treas 9pc 1994‡‡	95⅞	.....	9.39	[illegible]
105⅜	94⅜	Treas 12pc 1995	105⅜	.....	11.38	[illegible]
87	73	Exch 3pc Gas 90-95	83½	.....	3.59	[illegible]
99⅞	88⅜	Exch 10¼pc 1995	99⅞	.....	10.26	[illegible]
109	97⅜	Treas 12¾pc 1995‡‡	109	.....	11.70	[illegible]

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

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FINANCIAL TIMES TUESDAY FEBRUARY 12 1991

LONDON SHARE SERVICE

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BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

Continued on Page 3[illegible]

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MOTORS,AIRCRAFT TRADES

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
131	50	ABI Leisure 10p	50	.....	3.1	4.4	8.3	3.4
£14½	£5¼	DAF N.V. Fl5.	£6¼	+½	Q50%	2.0	11.9	4.1
149	79	General Mtrs Units	93	+5	Q12½%	—	6.8	—
41	9	March Group 5p	13	.....	—	—	—	—
£122¾	£101¾	Volkswagen DM50	£117¾	+3¾	Q22%	3.5	3.2	9.2
£44½	£18¼	Volvo AB 'B' Kr25	£21¾	+1	Q62%	4.3	6.6	3.6

Commercial Vehicles

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
259	68	ERF (Hldgs).	118	+3	†10.0	1.6	‡	7.2
180	48	Plaxton Grp	51	+1	8.5	2.0	22.2	2.8

Components

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
463	420	Abbey Panels	463	.....	3.5	10.8	1.0	12.3
225	123	Airflow Streamlines	125	.....	6.0	3.0	6.4	7.0
190	145	Bostrom 5p	145	.....	†5.75	3.1	5.3	6.6
266	145	Dowty 50p	156	+9	†9.0	2.1	7.7	7.5
239	110	FR Group	133	+3	6.37	3.1	6.4	6.8
135	95	Kwik-Fit Hldgs. 10p	93	+3	†2.4	2.3	3.4	17.2
174	102	Lucas Inds.	145	+2	7.0	2.5	6.4	7.1
44	14	Do. Warrants	23½	.....	—	—	—	—
80	49	Mid-States 10p	49	−1	s20.75	—	2.0	30.8

Garages and Distributors

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
28	14	Alexanders 10p	16	.....	1.0	♦	8.3	♦
133	60	Appleyard 10p	62	.....	†7.8	2.4	16.8	2.9
110	55	Blackley Motor 20p	70	.....	†7.5	1.9	14.3	5.0
568	389	Caffyns 50p	388	+3	11.5	1.0	4.0	(35.4)
121	88	Central Motor Auctns	89	.....	3.5	♦	5.4	♦
61	15	Cook (D.C.) Hldgs 5p	17	.....	[illegible]	[illegible]	[illegible]	[illegible]

NEWSPAPERS, PUBLISHERS

PAPER,PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
309	180	Gt Portland 50p	241	+4	†9.0	1.5	5.0	18.1
£134	£85	Do 9½pc Cv Ln 2002	£112	+2	Q9½%	—	8.5	—
145	70	Green Property Ir25p	70	.....	†Q20.6%	1.7	6.6	12.3
481	323	Greycoat 10p	388	+7	5.2	3.9	1.8	16.7
54	38	Hampton Countryside 5p	58	+2	Z0.05	—	0.1	—
859	510	Hammerson "A"	620	+20	19.5	1.3	4.2	(21.6)
113	43	Hanover Druce 10p	58	.....	‡2.0	—	‡	—
675	155	Hardanger Prop 10p	158	+3	d16.88	2.8	14.2	3.1
285	123	Helical Bar 5p	135	+6	10.0	4.0	9.9	3.3
81	46	Do 5¼pc Pf 2012 £1	56	+1	5¼%	—	12.5	—
177	137	Herring Son & Daw 10p	160	+2	†5.75	3.3	4.8	8.5
67	46	HK Land Hldgs 10c	51	.....	†Q6.15c	♦	6.1	♦
18½	5½	INOCO 10p	6	+½	—	—	—	—

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST—Contd

INVESTMENT TRUST—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. *Estimated price/earnings ratios and* covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but *including estimated extent of offsettable ACT. Yields are based on* middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- • *Highs and lows marked thus have been adjusted to allow for rights issues for cash*
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✱ *USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.*
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § *Forecast dividend; cover on earnings updated by latest* interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. *a Annualised dividend. b Figures based on prospectus or* other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g *Assumed dividend and yield.* h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. *m Interim higher than previous total.* n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on *latest annual earnings. u Forecast, or estimated annualised* dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H *Dividend and yield based on prospectus or other official estimates* for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Craig & Rose £1 β	675	....
Finlay Pkg. 5p β	33	....
Holt (Jos) 25p β	1308	....

IRISH

Stock	Price	+ or −
Cap. 8½% Ln. 1991	£99⅛	....
9pc Cap Ln. 1996	£96¼	+½
Fin. 13% 97/02	£112¼	−¼
Arnotts	153	....
Carrol (P.J.)	154	....
Helton Hldgs	37½xd	−½
IRG	132	−3
United Drug	128	....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	48
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp	28
BTR	25
Barclays	38
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons	38
Comm Union	48
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	28
Gen Accident	41
GEC	15
Glaxo	68
Grand Met	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	78
Ladbroke	22
Legal & Gen	32
Lex Service	17
Lloyds Bank	24
Lucas Inds	12
Marks & Spencer	19
Midland Bk	16
Nat West Bk	21
P & O Dfd	44
Racal Elect	16
RHM	23
Rank Org Ord	52
Reed Intnl	32
STC	19
Sears	7½
SmKl. Beecham A	41
TI	35
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property	
Brit Land	24
Control Secs	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils	
Aviva Petlm	3½
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm	15
Gaelic Res	1½
Premier	7
Shell	37
Tuskar Res	2
Ultramar	29

Mines	
Lonrho	19
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H 80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	40.18	40.18xd	42.97	+0.12	7.42
Gilts & Fixed Int	6	114.5	114.5	121.5	+0.1	9.47
High Inc Equity	6	120.6	123.9xd	131.8	+1.4	6.45
Worldwide Bond	6	198.5	198.5xd	210.4	+0.8	7.13
Capital Growth						
American Growth	6	159.6	159.6xd	170.6	+0.6	1.13
Asian Pacific	6	100.5	102.7	109.2	+0.3	18
Assets & Earnings	6	151.9	151.9	162.4	+2.0	3.34
Capital Reserve Acc	0	102.8	102.8	102.9	+0.2	6.94
Capital Reserve Inc	0	86.36	86.36	86.49	+0.13	6.94
Comdty & Energy	6	68.53	68.53xd	73.29	+0.31	1.35
1992 Enterprise	6	56.20	56.20	60.10	+0.79	3.54
Euro Capital Acc	6	83.09	83.09	88.86	+1.49	1.52
Euro Capital Inc	6	79.78	79.78xd	85.32	+1.42	1.52
General	6	153.8	153.8xd	164.4	+1.9	3.04
Japan	6	86.51	86.51	92.52	+0.32	–
Mastertrust	6	78.26	78.26	83.70	+0.58	3.07
UK Growth Acc	6	132.3	132.3	141.4	+0.3	3.12
UK Growth Dist	6	85.58	85.58xd	91.52	+0.22	3.11
US Emerging Cos	6	48.49	48.49	51.86	-0.14	–
Income & Growth	6	275.2	275.2xd	294.3	+4.9	3.48
Ethical	6	42.36	42.36	45.30	+0.35	2.21
International	6	52.61	53.36	56.76	+0.46	.88
Dividend & Growth	6	43.35	44.50xd	47.34	+0.67	5.91
Global Grth & Sec	6	48.64	49.00xd	52.12	+0.28	1.92
Abtrust Management Ltd (1200)H 10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	24.97	24.97	26.53	+0.06	3.01
Cash	–	50.99	50.99	50.99	+0.04	13.82
European	5¼	64.21	64.21xd	68.30	+0.15	0.00
European Income	5¼	68.56	68.92	72.70	+0.25	1.69
Exempt	1	702.8	702.8xd	727.0	+8.10	3.19
Exempt Income	3¼	161.1	161.1xd	171.0	+2.0	4.95
Exempt American	3¼	295.7	295.7	308.5	+0.3	1.85

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brown Shipley & Co Ltd (1000)F 9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5	6	70.91	71.44xd	76.08	+0.78	3.43
Mngd P'folio Inc	6	126.4	127.3	135.6	+1.40	–
Mngd P'folio Acc	6	105.3	105.3	112.1	+0.70	4.83
UK General	6	16.78	16.78	17.99	-0.21	9.75
Cons & General	6	18.61	18.61	20.05	+0.22	0.56
European Inc	6	19.02	19.02	20.49	+0.22	–
European Acc	6	263.6	263.6	278.4	+2.60	4.72
Exempt	3	105.4	105.4	112.3	+2.30	6.00
Financial	6	33.31	33.31	35.66	+0.43	0.11
German	6	61.04	61.04	65.01	+0.76	7.86
High Income	6	83.64	83.64	90.16	+0.54	6.24
Income	6	75.11	75.11xd	79.99	+0.96	4.82
Intl Income	6	23.16	23.16	24.67	+0.11	0.28
Intl Growth ♣	6	49.03	50.47	54.01	+0.55	5.20
Monthly Income	6	56.70	56.70xd	60.39	-0.02	0.36
North American	6	90.47	90.47	96.35	-0.02	–
Orient ♣	6	50.58	50.58	54.00	+0.32	5.05
PEP	5	29.56	29.56	31.48	+0.64	3.06
Recovery	6	159.5	159.5	169.9	+1.30	–
Smaller Cos Acc	6	96.38	96.38	102.6	+0.70	2.90
Smaller Cos Inc	6	[illegible]				
Brycourt Unit Tst Mngmt Ltd (1400)F Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382						
Income Growth	1	164.8	164.8	171.31	..	6.89
Buckmaster Mangmt Co Ltd (1200)H 15 St Botolph Street, London EC3A 7JJ 071-247 4542						
Fellowship Tst ♥	5¼	48.50	49.53	52.70	+0.41	4.63
(Accum Units) ♥	5¼	51.51	52.62	55.98	+0.44	4.63
Income	5¼	141.5	141.5	150.0	+1.5	5.74
(Accum Units)	5¼	293.7	293.7	311.3	+9.1	5.74
Smaller Co's	5¼	76.29	76.29	80.87	+0.79	4.10
(Accum Units)	5¼	86.86	86.86	92.07	+0.80	4.10
Inv Portfolio ♥	3	46.28	46.28	47.90	+0.81	4.11
(Accum Units) ♥	3	49.97	49.97	51.72	+0.87	4.11
High Income Port ♥	3	41.64	41.64	43.10	+0.73	6.35
Burrage Unit Tst Mangmt Ltd (0905)F 117 Fenchurch St, London EC3M 5AL 071-480 7216						
Short Dated Gilt	1¼	61.48	61.48	62.36	+0.02	12.68
CCF Foster Braithwaite UT Mngt (1100)F 1 White Hart Yard, London SE1 1NX 071-407 5966						
CCF Sel High Inc Eqty	5¼	45.24	46.18xd	49.13	+0.73	5.56
CCF Sel High Inc Eq Acc	5¼	47.32	48.30xd	51.38	+0.77	5.56

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Martin Currie Unit Trusts Ltd (0905)H 48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924						
Far East (Pacific)	5¼	81.98	81.98	87.02	+0.66	0.49
Income & Growth	5¼	53.15	53.15xd	56.42	+0.5	5.79
European Ld	5¼	49.74	50.43xd	53.53	+0.1	1.33
Nth American Ld	5¼	31.25	31.25	33.17	+0.11	1.58
Intl Growth (9-1)	5¼	52.75	53.78	57.09	+0.26	0.88
UK Growth	5¼	46.57	46.97	49.86	+0.5	2.87
Intl Income	5¼	43.08	43.64	46.32	+0.31	6.45
High Yield	5¼	41.57	42.23xd	44.83	+0.3	7.67
Charities	5¼	82.49	83.80xd	88.95	+0.54	6.29
Japan	5¼	34.74	34.74	36.87	+0.12	–
Matheson Unit Trust Managers Ltd (1200)H Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex Enquiries: 0277 227300 Dealing 0277 261010						
UK Growth (14-1)	6	59.78	61.16	65.41	+0.77	3.78
UK High Income	6	31.70	31.70	33.90	+0.23	5.96
NM Unit Trust Mngrs (1200)H The Bilton Centre, North Harbour, Portsmouth Enquiries: 0705 372222 Dealing 0705 387730						
American ♥	5¼	26.64	26.64	28.41	+0.06	1.80
(Accum Units) ♥	5¼	28.51	28.51	30.41	+0.08	1.80
Australian ♥	5¼	159.70	159.70xd	149.80	+1.90	2.39
(Accum Units) ♥	5¼	159.00	159.00	170.60	+2.10	2.39
Conscience	5¼	44.59	45.41	48.46	+0.41	1.61
(Accum Units)	5¼	46.76	47.62	50.82	+0.43	1.61
European	5¼	129.70	129.70	138.30	+1.30	1.12
(Accum Units)	5¼	136.80	136.80	145.90	+1.30	1.12
Extra Income	5¼	59.85	59.85	63.87	+0.49	9.57
(Accum Units)	5¼	80.63	80.63	86.05	+0.65	9.57
Far East Gth Acc ♥	5¼	94.55	94.55	101.00	+6.30	0.31
Gilt & F I	5¼	51.03	51.03xd	54.02	+0.07	9.27
(Accum Units)	5¼	107.40	107.40	113.60	+0.10	9.27

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

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TSB Unit Trusts (1200)H
Charlton Pl, Andover, Hants SP10 1RE 0264 346794

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	111 06	111.06	118 14	+0 04	0 58
Do Accum	6	121 4	121 4	129 14	+0 04	0 58
TSB Brit Growth	6	67 09	68 14	72 48	-0 76	3 76
Do Accum	6	74 17	75 33	80 13	-0.84	3.76
TSB European	6	66 72	66 72	70 97	+0 53	1.17
Do Accum	6	69 15	69 15	73 56	+0 56	1.17
TSB Extra Income	6	146 43	149.64	159.19	-1.61	6 66
Do Accum	6	207 1	211 66	225 15	-1.38	6 69
TSB Smaller Cos	6	37.14	38 64	41 1	+0 2	3 56
Do Accum	6	38 94	40.51	43.09	+0 2	3 56
TSB General	6	203 46	205 13	218 21	-0 71	4 09
Do Accum	6	379 50	382 73	407 15	-1.33	4 09
TSB Premier Income	5	42 59	43.21	45 01	+0 12	7 52
Do Accum	5	76 22	77 34	80 56	+0 2	7 52
TSB Income	6	272 1	277 57	295 28	+1.31	5 58
Do Accum	6	505 83	516 01	548 94	+1 62	5 58
TSB Pacific	6	191.86	193 21	205.54	-0 16	0 49
Do Accum	6	199 43	201 03	213 86	-0.77	0 49
TSB International	6	343 57	343.57	365 5	-3 02	1 34
Do Accum	6	440 69	440 69	468 01	-3.85	1.34
TSB Nat Resources	6	52.64	53 15	56 54	+0.2	1.36
Do Accum	6	57 1	57 66	61.33	+0 3	1.36
TSB Special Opps	6	69 5	71 1	75 63	-0.25	3 9
Do Accum	6	82 94	84 85	90 26	-0.89	3 9
Environmental Inv	6	41 63	42 32	45 02	+0.23	2.51
Do Accum	6	42 95	43 66	46 44	+0 23	2 51
TSB Selector	6	43.34	44.12	46 93	-0 43	4 55
Do Accum	6	44 66	45 46	48 36	-0 44	4 55
TSB High Income	6	46 62	47 26	50.27	-0.39	6 27
Do Accum	6	47 66	48.52	51 61	+0 4	6.27
TSB Intl Income	6	48.55	48 76	51.87	+0 17	6.84
Do Accum	6	48 55	48 76	51 87	+0.17	6 84
TSB Selector Income	6	46.8	47 34	50 36	-0.37	6 55

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond	100 2	100.2		10 78
(Accum Units)	545 8	545 8	..	10 78
NAACIF Feb 5	-	39 4		10 19

MIM Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Mngd P'Folio	1006 0	1085 0		-
Mngd Pens (Acc)	59 80	63 70		-

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Jan 31	113 7	121 9		3.21
UK Small Co Jan 31	413 7	451 9	..	2 36
Fixed Interest Jan 31	103.8	109 1		8 14
US Small Co Jan 31	116 3	124.2		0 00
Managed Jan 31	95 54	101 7	-	1 49
Intl Bond Jan 31	109 7	115 7		7 91
Japan Jan 31	61 39	65 60		1 04
European Jan 31	77 32	82 90		1.78
Nth American Jan 31	86 42	92.70	..	1.52

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Feb 6	41 41	43 06	..	2.96
Euro Expt Feb 6	45 23	47 50	..	2.44
Fixed Int Ex Feb 6	45 91	47.05	..	10.50
Japan Expt Feb 6	39 29	40 86		1 43
Managed Ex Feb 7	38 54	40 08	....	5 02
SE Asia Expt Feb 6	58.15	61 05	..	4.05
Sm Cos Expt Feb 6	26 47	27 79		5 61
UK Eqty Ex Feb 6	36 03	37 84		4 84

Phillips & Drew Fund Management Ltd

Allied Dunbar Assurance Plc – Contd.
Barling Funds

	Bid Price
Pen Equ Cap	27 6
Pen Equ Acc	30 4
Pen Am Eq Cap	28 8
Pen Am Eq Acc	31 8
Pen Far East Cap	25 2
Pen Far East Acc	27 8
Pen Euro Cap	37 2
Pen Euro Acc	41 2

James Capel Funds

	Bid Price
Pen Equ Cap	26 0
Pen Equ Acc	28 6
Pen Am Eq Cap	25 2
Pen Am Eq Acc	27 9
Pen Far East Cap	25 4
Pen Far East Acc	28.1
Pen Euro Cap	30 7
Pen Euro Acc	33 9

Ambassador Life Assce. Co Ltd
80 Holdenhurst Rd, Bournemouth

	Bid Price
Equity Fund Acc	152 7

American Life Insurance Co UK
2-8 Altyre Road, Croydon CR9

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 081-440 8210

	Bid Price	Offer Price	+ or -	Yield Gross
Sel Sec A	37.20	39 16	...	-
Managed	32.91	34.65	--	-
Equity	29.25	30 79	..	-
Blue Chip	44.96	47 27		-
Special Sits	29 03	30.56	....	-
International	36.98	38.93	...	-
European Fund	11.34	11 94		-
American	20 42	21.50	...	-
Pacific	33 86	35.65	......	-
Property	33.02	34.76	...	-
Fixed Yield	27.35	28.80	.....	-
Indexed Linked Secs	14 76	15.54	....	-
Deposit	24.59	25.89	..	-

Merchant Investors Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
MI Fram Inc & Growth	166 3	175 0	+3 4	-
MI Fram Intl Growth	231.8	238 7	+2 1	-
MI Fram Japan & Gen	187.4	197 2	+6.3	-
MI Fram Recovery	150 0	157.8	+2 7	-
MI Gar Int Fixed Inc	103 0	108 4	+1.7	-
MI Gar Glob Inc & Gth	125 4	132 0	+1.7	-
MI Gar Gold & Intl Res	78 7	82 8	+1.4	-
MI Gar Pacific Grth	116.2	122.3	+1 2	-
MI Gar Smaller Co's	134.2	141.2	+1.6	-
MI Henderson Fd	163 4	172 0	+1.1	-
MI Hen American	157.5	165 7	+1 8	-
MI Hen European Tst	110.0	115.7	+0.1	-
MI Hen UK Income	177 0	186.3	+1.4	-
MI Mor Gren Euro Grth	125 7	132.3	+1.1	-
MI Mor Gren Inc Gth	105.2	110.7	+1.5	-

INSURANCES

OTHER UK UNIT TRUSTS

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FT MANAGED FUNDS SERVICE

N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	96.0	101.1	+0.8	-
Pension Managed Fd	91.6	96.4	+0.9	-
Life Deposit Fd	104.4	109.9	+0.1	-
Pension Deposit Fd	108.4	114.1	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	99.2	108.5	.....	-
Managed Growth	119.6	130.8	.....	-
Managed Opportunity	115.3	126.1	.....	-
NFMC Target Financial	89.1	96.4	.....	-
Pension Funds				
Managed Cautionary	107.6	117.7	.....	-
Managed Growth	125.3	137.7	.....	-
Managed Opportunity	118.1	129.1	.....	-
NFMC Target Mngd Pen	1333.8	1449.8	.....	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	144.4	152.0	.....	-
UK Equity	148.2	156.0	.....	-
Overseas Equity	118.4	124.7	.....	-
Fixed Interest	140.6	148.1	.....	-
Property	129.1	135.9	.....	-
Index Linked	142.9	150.5	.....	-
Deposit	150.1	158.1	.....	-
With Profits (B)	125.7	132.4	.....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	317.7	334.5	+2.0	-
UK Equity	397.0	418.8	+3.5	-
Overseas Eq	300.6	316.5	+0.5	-
American	233.4	245.7	+0.2	-
Far East	311.1	327.5	+1.2	-
Property	193.3	203.5	+0.3	-
Fixed Int	252.9	266.3	+0.8	-
Indexed Gilt	149.1	157.0	(z)	-
Deposit	175.5	0185.8	+0.1	-
Pension Fund (Accum Units)				
Managed	444.4	467.8	+2.9	-
UK Equity	514.7	541.8	+4.6	-
Overseas Eq	496.5	522.7	+3.4	-
American	307.2	323.4	+1.1	-
Far East	521.5	549.0	+2.4	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690565

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	143.0	151.0	+1.5	-
Accum Equity	202.0	213.0	+1.5	-
Accum Managed	209.0	220.5	+1.0	-
Accum Five Star	152.0	160.5	+1.0	-
Accum World	111.5	118.0	+1.0	-
Accum Lifetime	103.4	103.4	+0.6	-
Pens Acc Equity	214.0	225.5	+2.0	-
Pens Acc Managed	252.5	266.0	+1.5	-
Pens Acc Intl	182.0	192.0	+1.0	-
Pens Acc Deposit	191.0	202.0	.....	-
Pens Acc Five Star	162.5	170.5	+1.5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	205.0	216.3	+2.7	-
UK Fixed Int Acc	167.2	176.4	+0.4	-
Intl Equities Acc	154.2	162.7	+0.8	-
UK Managed Acc	160.5	169.3	+1.7	-
Property Acc	226.4	238.9	.....	-
Money Acc	125.7	132.6	+0.1	-
Special Market Acc	125.5	132.4	+1.6	-
Japan Equity Acc	91.5	96.6	+0.9	-
North American Acc	89.4	94.4	+0.4	-
Pacific Acc	78.2	82.5	+0.8	-
Technology Acc	96.4	101.7	+1.1	-
Nat. Resources Acc	48.0	50.7	+1.1	-
European Acc	91.7	96.8	+0.1	-
Residential Prop Acc	95.8	101.1	.....	-
Swiss Equities Acc	32.7	34.5	+0.1	-
Hong Kong Acc	50.4	53.2	+0.4	-
UK High Inc Eq Acc	66.5	70.2	+1.1	-
Int Fixed Interest Acc	54.4	57.4	.....	-
Int Managed Acc	51.4	54.2	+0.1	-
HIP Managed Acc	103.6	109.2	+0.6	-
HIP Managed II Acc	90.5	95.4	+0.6	-
Total Investment Bond				
UK Equity Initial		140.1	+1.7	-
UK Fixed Int Initial		114.5	+0.3	-
Intl Equities Initial		104.7	+0.5	-
UK Managed Initial		109.9	+1.1	-
Property Initial		156.1	.....	-
Money Initial		86.4	.....	-
Special Market Initial		97.9	+1.2	-
Japan Equity Initial		71.4	+0.6	-
North American Initial		69.8	+0.3	-
Pacific Initial		61.0	+0.7	-
Technology Initial		75.1	+0.7	-
Nat Resources Initial		37.5	+0.9	-
European Initial		82.6	.....	-
Residential Prop Init		92.0	.....	-
Swiss Equities Initial		31.3	+0.1	-
Hong Kong Initial		48.3	+0.3	-
UK High Inc Eq Init		63.8	+1.0	-
		52.8	-0.1	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2.598	2.625	(z)	-
New Generation Fd $	$22.18	22.40	-	-
Japan Index Alpha	Y7.744	7.861	-	-
Jap Sector Rotation	Y6.613	6.709	-	-
Jap Cap Gwth CB	Y10020.23	Y10020.23	-	-
Sandi International (Guernsey) Ltd				
Intl Bond	$10.33	10.51	-	-
Intl Dollar	$10.30	10.31	-	-
Intl Equity	$10.54	10.90	-	-
Falcon High Income	$89.37	89.37	-	-
Schroder Investment Mngmt (Guernsey) Ltd				
Latin American	$12.3823	13.0977	-	-
Stonehage Fund Mngrs Ltd				
Intl Man Fd	$11.61	11.67	-	-
U.S. Treasury Securities Fund Ltd				
Short Term Shares		$750.15	-	-
Fixed Income Shares		$875.6	-	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Mkts Growth		$10.87	-0.01	-
Yamaichi ISS Fund		$7.78	+0.03	-
Yamaichi CB Plus Fund		$8.72	+0.04	-
Thai Inv Fund		$10.43	-	-

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (u)
29 Kildare Street, Dublin 010 353 1760 630

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F
PO Box 63, Bond Street, St Helier, Jersey 0534 76029

[illegible]

INVESCO MIM International Limited
PO Box 271, St Helier, Jersey 0534 73114

[illegible]

Lloyds Bank (CI) U/T Mgrs.
PO Box 195, St Helier, Jersey 0534 27561

Dealing daily

Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 37788

For MIM see INVESCO MIM

Royal Trust Jsy Fd Mngt Ltd (1400)F
PO Box 428, St Helier, Jersey 0534 76077

TSB Trust Funds (CI)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

Gartmore Luxembourg SA (u)
39 Allee Scheffer, L-2520 Lux 010 352 4767470

Henderson Management SA (u)
21-25 Allee Scheffer L-2520 Luxembourg 071-638 5757 or 010-352 462232

Hill Samuel Inv Services Intl SA (u)

Credit Suisse

Unibank SA, Frontrunner I (u)

Unico Financial Services SA Lux

Viking Fund-SICAV

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund-SICAV (u)

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

Gaia Currency Funds

Gartmore Investment Ltd

Genesis Fund Managers Ltd

German Selection Associates N.V.

North Star Fund Managers (Cayman) Ltd

[illegible]

MANAGED FUNDS NOTES

[illegible]

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Schlesinger remarks hit dollar

COMMENT BY Mr Helmut Schlesinger, deputy president of the Bundesbank, pushed a nervous dollar lower yesterday. He observed that "it is wrong to say that our enthusiasm (for intervention) has waned; we never were enthusiastic." Last week's intervention was an attempt "to achieve a certain amount of stability in the current uncertain market situation." Mr Schlesinger added that the current level of the dollar would help to ensure price stability in Germany.

Dealers regarded this comment as an indication that the Bundesbank is not keen to continue its support for the dollar, particularly since prolonged intervention will eventually feed through to boost domestic money supply growth, as the central bank takes in dollars and pushes D-Marks out into the open market. Mr Schlesinger said that the volume of intervention had not yet been large enough to have a major impact on monetary growth.

In Frankfurt the Bundesbank did not intervene when the dollar was fixed at a record low of DM1.4537 against DM1.4544 on Friday.

Mr Schlesinger's remarks helped push the dollar down to a record trading low against of DM1.4430. Weak economic fundamentals also weighed on the currency, as traders looked towards tomorrow's figures on US retail sales and Friday's December trade figures. Recessionary forces are expected to result in a sharp fall in retail sales, but may also reduce the trade deficit.

At the London close the dollar had rallied slightly but still finished at a record closing low, falling to DM1.4450 from DM1.4565: to Y127.70 from Y127.80; to SFr1.2350 from SFr1.2440; and to FFr4.9275 from FFr4.9600. Its index declined to 59.3 from 59.5.

Sterling rose against the dollar, in line with European currencies in general. On the other hand it remained the weakest currency in the EMS exchange rate mechanism. The pound fell to DM2.8875 from DM2.8950, but stayed about 2 pfennigs above its ERM floor against the D-Mark, thanks to a strengthening of the German currency against the top placed Spanish peseta. Any currency's floor against the D-Mark is governed by the relationship between the German unit and the strongest member of the system.

Sterling also fell to FFr9.8425 from FFr9.8575 and to SFr2.4675 from SFr2.4725, but rose 1 cent to $1.9975 and to Y255.00 from Y254.00.

The French franc was the second weakest ERM currency, depressed by the comment of Mr Michel Rocard, the French prime minister, that he did not expect to have to raise interest rates. The Bank of France bought francs against the D-Mark when the German currency rose to FFr3.4085 from FFr3.4054 at the Paris fixing. In Milan the Bank of Italy sold Ecus when the D-Mark was fixed at L753.18 against L752.20 on Friday.

£ IN NEW YORK

Feb 11	Latest	Previous Close
£ Spot	1.9965-1.9975	1.9885-1.9895
1 month	1.14-1.13pm	1.11-1.09pm
3 months	3.26-3.23pm	3.15-3.12pm
12 months	9.95-9.85pm	9.60-9.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb 11	Previous
8.30 am	94.3	94.2
9.00 am	94.3	94.2
10.00 am	94.3	94.2
11.00 am	94.3	94.3
Noon	94.3	94.2
1.00 pm	94.2	94.2
2.00 pm	94.2	94.2
3.00 pm	94.3	94.2
4.00 pm	94.2	94.2

CURRENCY MOVEMENTS

Feb 11	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.2	-18.3
U.S. Dollar	59.3	-19.7
Canadian Dollar	101.1	-0.4
Austrian Schilling	110.9	+12.6
Belgian Franc	113.2	-1.0
Danish Krone	111.5	+5.5
D-Mark	121.2	+26.8
Swiss Franc	115.1	+23.5
Dutch Guilder	116.3	+17.4
French Franc	105.1	-11.7
Lira	100.6	-19.0
Yen	134.7	+70.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.8.

CURRENCY RATES

Feb 11	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.731921	0.706508
U.S. Dollar	6.00	1.45323	1.40666
Canadian $	10.73	1.68357	1.62989
Austrian Sch.	7	14.9116	14.3901
Belgian Franc	10.50	43.6332	42.1153
Danish Krone	9½	8.16352	7.87728
D-Mark	6.50	2.12026	2.04528
[illegible]	[illegible]	[illegible]	[illegible]

† European Commission Calculations.
* All SDR rates are for Feb.8

OTHER CURRENCIES

Feb 11	£	$
S.Af (Cm)	5.0230 - 5.0360	2.5205 - 2.5235
S.Af (Fn)	6.2110 - 6.3100	3.1150 - 3.1645
Taiwan	54.00 - 54.10	27.10 - 27.15
U.A.E.	7.2890 - 7.3295	3.6720 - 3.6740

Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 11	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.681	-3.70	5.28	65
Belgian Franc	42.4032	42.1153	-0.68	2.07	38
D-Mark	2.05586	2.04528	-0.51	1.90	40
Dutch Guilder	2.31643	2.30481	-0.50	1.89	30
Italian Lira	1538.24	1539.94	0.11	1.27	0
Irish Punt	0.767417	0.769338	0.25	1.12	-6
Danish Krone	7.84195	7.87728	0.45	0.92	-16
French Franc	6.89509	6.97069	1.10	0.28	-54
Sterling	0.696904	0.706508	1.38	0.00	-27

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int.
February	1645.0	1649.0	+9.0	1655.0	1642.0	7,705
March	1658.0	1661.0	+9.0	1662.5	1656.0	929
April	1668.0	1668.0	+6.0	1668.0	1668.0	0
June	-	-	-	-	-	200

Estimated volume 5,818 Total Open Interest 8,834

BASE LENDING RATES

	%		%		%
ABN Bank	14	Co-operative Bank	14	Nat Bk. of Kuwait	15
Adam & Company	14	Coutts & Co	14	NatWestminster	14
Allied Trust Bank	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
AIB Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
● Henry Ansbacher	14	Duncan Lawrie	14	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
B & C Merchant Bank	14	Exeter Bank Limited	14½	Royal Bk of Scotland	14
Bank of Baroda	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Bank Credit & Comm	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Ireland	14	Girobank	14	Unibank plc	14
Bank of India	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of Scotland	14	● Hambros Bank	14	United Mizrahi Bank	14
Banque Belge Ltd	14	Hampshire Trust Plc	14½	Unity Trust Bank Plc	14
Barclays Bank	14	Heritable & Gen Inv Bak.	14	Western Trust	14
Benchmark Bank	14	● Hill Samuel	14	Westpac Bank Corp.	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Whiteaway Laidlaw	14
● Brown Shipley	14	Hongkong & Shangh	14	Yorkshire Bank	14
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm.Bk.of London Plc	14	Mount Banking	14		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

MONEY MARKETS

A firmer tone

INTEREST RATES firmed slightly after a much sharper than expected rise in UK producer prices. Three-month sterling interbank rose to 13$\frac{9}{16}$-13$\frac{7}{16}$ from 13$\frac{7}{16}$-13$\frac{5}{16}$ per cent on news that output prices rose 1.2 per cent in January compared with 0.2 per cent in December. This was regarded as a setback to hopes of lower bank base rates.

Short sterling weakened on Liffe as a result of the producer prices data. March delivery opened at 87.13 and touched 87.14, before sliding to a low of 86.94 and closing at 86.97 against 87.12 previously.

UK clearing bank base lending rate 14 per cent from October 8, 1990

Recent tight credit conditions showed no sign of easing on the cash market. The Bank of England initially forecast a shortage of £1,300m, but revised this to £1,100m at noon. Total help of £1,089 was provided. In early operations the authorities bought £104m bills for resale to the market on March 4 at 13⅞ per cent.

Before lunch £801m bills were purchased, including £9m for resale on March 4 at 13⅞ per cent. Another £792m were bought outright, by way of £433m bank bills in band 1 at 13¾ per cent and £359m in ...

In the afternoon £174m bills were purchased outright, via £86m bank bills in band 1 at 13¾ per cent and £88m bank bills in band 2 at 13¾ per cent. Late assistance of around £10m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £846m, with the unwinding of repurchase agreements on bills absorbing £1,121m, and bank balances below target £80m. These outweighed exchequer transactions adding £285m to liquidity and a fall in the note circulation of £465m.

In Frankfurt call money eased to 8.65 from 8.70 per cent after the Bundesbank provided liquidity via funds held on behalf of public authorities. Section 17 of the Bundesbank act allows the central bank to transfer this money to the commercial banks for short periods. Apart from fresh funds the Bundesbank also rolled over some Section 17 money, estimated at DM3bn to DM6bn, lent to the market last week.

The move was seen as showing the Bundesbank's determination to keep call money below the 9 per cent Lombard emergency financing rate. Mr Helmut Schlesinger, the central bank deputy president, said yesterday that the Bundesbank will act to prevent high borrowing under ...

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

JOTTER PAD

CROSSWORD

No.7,466 Set by VIXEN

ACROSS

1 The bottom berth? (3-3)
4 Making dope doubly popular is criminal! (8)
10 Set against amalgamating, so leading (9)
11 Discover many get paid for work done (5)
12 Stern nurse (4)
13 Bleak notes requiring immediate attention (10)
15 Beat the favourite dog (7)
16 The German occupied by drink marketer (6)
19 Meaning to give a little hint, entirely without malice (6)
21 Love poetry egghead is to keep an eye on (7)
23 Wild Australian jollification (10)
25 Punt with a Greek character (4)
27 Nibbled at in the latter part of the day (5)
28 Coppers divi ded about party leader (9)
29 Interfered, making Peter mad (8)
30 It's right to annoy the park-keeper! (6)

DOWN

1 Birds creating a din put in boxes (8)
2 Commercial address occasioning high esteem (9)
3 Keenness could well be an advantage (4)
5 [illegible] results (7)
6 Sailors having a smile about the French ways (4,6)
7 A horseman found within his grasp a high-stepper (5)
8 Youth never beginning on time (6)
9 Deal with food summary (6)
14 One wrapping soft fruit with an air (10)
17 Segregate ingredients for making an edible present (6-3)
18 He'll leave some for beasts to assimilate (8)
20 Tramp a priest converted (7)
21 Fancied nothing – wasted away (6)
22 Comply as directed (6)
24 Pole made to bear with a great number (5)
26 A prima-donna can turn greedy (4)

Solution to Puzzle No.7,465

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WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

FRANCE (continued)
[illegible]

GERMANY
[illegible]

GERMANY (continued)
[illegible]

ITALY
[illegible]

ITALY (continued)
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWITZERLAND
[illegible]

SOUTH AFRICA
[illegible]

AUSTRALIA
[illegible]

AUSTRALIA (continued)
[illegible]

HONG KONG
[illegible]

MALAYSIA
[illegible]

SINGAPORE
[illegible]

JAPAN
[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO
2pm prices February 11

[illegible]

f – No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Feb. 8	Feb. 7	Feb. 6	Feb. 5	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2830.69	2810 64	2830.94	2788.37	2999.75 (16/7/90)	2365.10 (11/10/90)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.81	93.69	93.66	93.74	93.81 (8/2/91)	88 44 (24/9/90)	95.51 (9/2/87)	54.99 1/10/81)
Transport	1102.26	1103.67	1113.01	1090.27	1212.77 (6/6/90)	821.93 (17/10/90)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.66	213.47	210.83	207.94	236.23 (2/1/90)	190.96 (24/8/90)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2847.28 (2875.50) Low 2787.13 (2790.59)

STANDARD AND POOR'S	Feb. 8	Feb. 7	Feb. 6	Feb. 5	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	359.34	356.52	358.07	351.26	368.95 (16/7/90)	295.46 (11/10/90)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	423.79	420.38	422.64	414.26	437.37 (16/7/90)	346.86 (11/10/90)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	27.50	27.33	27.57	27.18	31.87 (3/1/90)	18.80 (29/10/90)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	196.10	194.74	195.38	191.89	201.13 (16/7/90)	162.20 (11/10/90)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	336.88	334.66	332.73	326.41	382.45 (5/1/90)	288.07 (30/10/90)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	436.80	435.01	439.24	432.20	469.60 (16/7/90)	325.44 (16/10/90)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb. 1	Jan.25	Jan.18	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.88	3.90	4.16

	Feb. 6	Jan.30	Jan.23	year ago (approx.)
S & P Industrial div. yield	3.01	3.20	3.30	2.89
S & P Indl. P/E ratio	17.39	16.58	16.03	14.68

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
RJ Nabisco	7,328,900	7⅛	- ⅛
Unysis Corp	4,841,700	4	+ 1⅛
West Dig	3,134,600	4½	- 1⅞
Gen Motors	2,635,200	37¼	+ 1⅞
Chrysler	2,598,900	11¼	- ¼
Boeing	2,021,700	52½	+ 1½
IBM	1,751,700	129½	+ 1
Philip Morris	1,712,100	59¼	+ ⅞
Exxon	1,675,100	53⅛	- ⅝
Am T & T	1,643,300	34	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Feb. 8	Feb. 7	Feb. 6
New York	187.840	293.399	276.940
Amex	13.968	20.895	21.339
NASDAQ	168.187	245.597	219.589
Issues Traded	2,037	2,060	2,051
Rises	977	835	1,205
Falls	618	837	453
Unchanged	442	388	395
New Highs	84	172	168
New Lows	2	8	8

CANADA

TORONTO	Feb. 8	Feb. 7	Feb. 6	Feb. 5	1990-91 HIGH	1990-91 LOW
Metals & Minerals	3071.77	3062.19	3073.48	3030.13	3453.05 (4/1/90)	2486.60 (8/11/90)
Composite	3445.27	3431.67	3424.03	3365.82	4009.47 (3/1/90)	3009.91(16/10/90)
MONTREAL Portfolio	1851.31	1845.03	1845.81	1817.95	2060.90 (3/1/90)	1607.24(16/10/90)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb. 11	Feb. 8	Feb. 7	Feb. 6	1990-91 HIGH	1990-91 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1365.4	1340.4	1344.5	1348.7	1713.7 (12/1/90)	1204.5 (16/1/91)
All Mining (1/1/80)	596.6	585.4	584.3	586.9	860.8 (5/1/90)	561.6 (16/1/91)
AUSTRIA						
Credit Aktien (30/12/84)	438.78	433.40	434.61	433.41	703.29 (19/3/90)	393.54 (16/1/91)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5200.29	5121.17	5086.87	5055.98	6599.43 (12/1/90)	4664.84 (16/1/91)
DENMARK						
Copenhagen SE (3/1/83)	329.97	328.04	326.25	320.91	388.29 (20/7/90)	302.26 (8/1/91)
FINLAND						
Unitas General (1975)	360.8	362.0	358.4	357.7	677.3 (23/1/90)	348.4 (9/1/91)
FRANCE						
CAC General (31/12/82)	432.58	424.90	426.62	423.69	564.62 (30/5/90)	394.88 (15/1/91)
CAC 40 (31/12/87)	1637.29	1622.75	1598.22	1598.11	2129.32 (20/4/90)	1441.17 (14/1/91)
GERMANY						
FAZ Aktien (31/12/58)	635.76	620.23	616.49	611.92	832.32 (19/7/90)	569.69 (28/9/90)
Commerzbank (1/12/53)	1807.8	1761.3	1754.7	1735.6	2414.0 (3/4/90)	1612.5 (15/1/91)
DAX (30/12/87)	1488.74	1467.82	1436.26	1428.69	1968.55 (30/3/90)	1322.68 (16/1/91)
HONG KONG						
Hang Seng Bank (31/7/64)	3394.08	3359.09	3333.98	3365.46	3559.89 (23/7/90)	2738.24 (1/2/90)
IRELAND						
ISEQ Overall (4/1/88)	1249.68	1222.22	1217.02	1192.96	1893.10 (22/1/90)	1114.86 (25/1/91)
ITALY						
Banca Com. Ital. (1972)	527.80	522.81	519.55	512.20	763.52 (14/6/90)	486.26 (29/1/91)
JAPAN						
Nikkei (16/5/49)	(c)	24296.08	24104.43	23952.04	38712.88 (4/1/90)	20221.86 (1/10/90)
Tokyo SE (Topix) (4/1/68)	(c)	1805.28	1786.86	1772.78	2867.70 (4/1/90)	1523.43 (1/10/90)
2nd Section (4/1/68)	(c)	2695.24	2661.63	2640.94	4477.16 (16/7/90)	2499.15 (29/1/91)
MALAYSIA						
KLSE Composite (4/4/86)	518.32	518.93	519.50	513.72	632.22 (1/8/90)	459.08 (28/9/90)
NETHERLANDS						
CBS Tfl Rtn.Gen.(End 1983)	238.0	234.3	232.8	229.5	271.9 (20/7/90)	221.4 (16/1/91)
CBS All Shr (End 1983)	174.0	171.3	170.2	167.9	206.3 (3/1/90)	162.3 (16/1/91)
NORWAY						
Oslo SE (Ind) (2/1/83)	669.84	648.69	649.70	632.77	915.13 (2/8/90)	610.45 (21/1/91)
PHILIPPINES						
Manila Comp (2/1/85)	876.68	841.72	857.51	863.45	1160.70 (21/3/90)	514.80 (5/10/90)
SINGAPORE						
SES All-Singapore (2/4/75)	352.84	351.17	352.12	350.71	446.87 (16/7/90)	301.45 (11/10/90)
SOUTH AFRICA						
JSE Gold (28/9/78)	1062.04	1075.0	1030.0	976.0	2230.0 (16/1/90)	976.0 (6/2/91)
JSE Industrial (28/9/78)	3094.04	3050.0	3029.0	2988.0	3211.0 (6/2/90)	2640.0 (1/10/90)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	629.57	628.85	634.31	635.66	928.82 (4/1/90)	566.27 (17/9/90)
SPAIN						
Madrid SE (30/12/85)	245.89	240.62	239.61	237.54	309.74 (16/7/90)	209.37 (28/9/90)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	972.5	975.8	964.0	984.4	1329.9 (5/7/90)	808.4 (8/1/91)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	656.8	645.0	640.9	638.8	845.5 (13/7/90)	590.4 (14/1/91)
SBC General (1/4/87)	560.7	548.8	544.9	542.2	698.2 (13/7/90)	487.1 (14/1/91)
TAIWAN**						
Weighted Price (30/6/66)	4729.65	4460.04	4384.19	4236.88	12495.34 (10/2/90)	2560.47 (1/10/90)
THAILAND						
Bangkok SET (30/4/75)	745.22	728.36	720.44	701.75	1143.78 (25/7/90)	544.30 (30/11/90)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	508.8°	504.3	500.4	497.6	571.0 (4/1/90)	423.1 (28/9/90)

**Saturday February 9: Taiwan Weighted Price: 4540.92. Korea Comp Ex. 631.27.
& Subject to official recalculation. °Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Friday 8 February 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
M'bishi Mtrls	21.4m	651	+22	Hitachi	10.2m	1,150	-
Chiyoda Corp	18.5m	2,370	+20	Keisei El Rl	8.3m	1,600	+50
Furukawa Elec	14.3m	790	-3	Nomura Secs	7.6m	1,970	+20
Kurabo Inds	14.2m	1,400	+120	Tokio Marine	7.1m	1,410	+20
M'Bishi Heavy	10.5m	768	+5	Sumitomo Chem	7.0m	628	+23

AMEX COMPOSITE PRICES
3pm prices February 11

[illegible]

3pm prices February 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
31⅛	9⅛	AAR	.48	3.6	11	1223	13¾	13	13½	+ ¼
9⅝	7¾	ACM n1.03e		11.		74	9¼	9	9¼	
11⅛	8¾	ACMIn 1.26		11.		1327	11⅛	10⅞	11	
8⅝	6½	ACM M n1.01		13.		387	8	7⅞	8	
12½	10	ACMMM 1.50		12.		342	12⅛	12⅛	12¼	− ⅛
11⅛	8⅝	ACM Sc1.26		12.		553	10⅝	10⅜	10⅜	
9⅛	7⅛	ACMSp 1.01		11.		428	8⅞	8¾	8⅞	+ ⅛
25⅛	17	AL Lab .16		.7	20	139	24⅛	24	24	
3¾	1	AM Intl				545	1½	1⅜	1½	+ ⅛
17⅝	4⅝	AM In pf 2		27.		101	7½	7⅜	7⅜	− ⅛
10½	8⅝	AMEVSc 1.05a		11.		21	9½	9⅛	9½	+ ⅛
70⅛	39⅝	AMR				8542	60½	58½	60⅛	+ 2½
26⅛	25	ANR pf 2.67		10.		z5	25½	25⅛	25½	+ ⅝
24⅝	22½	ANR pf 2.12		9.5		z1	22⅜	d22⅛	22⅜	+ ⅛
44¼	29¾	ARCOCh 2.50		6.6	12	559	38⅛	37⅝	38⅛	+ ¼
4	1⅛	ARX				78	2	1⅞	1⅞	
66⅛	38⅛	ASA 3		6.8		527	44⅛	43⅝	44	− ⅛
46⅞	31⅛	AbtLab s.84		1.8	21	6019	u46⅝	44⅞	46½	+ 1⅛
14	9⅞	AbiIdbi g.50				14	12½	12½	12½	
10⅛	4½	AcmeC .40		6.2	18	237	6⅝	6⅛	6½	+ ½
9⅛	4⅛	AcmeE			2	93	5⅛	4⅞	4⅞	
33⅞	20⅛	Acuson s			26	2338	32⅞	30⅞	32⅝	+ 1⅛
16⅞	14⅛	AdaEx 1.72e		11.		150	16⅛	16⅛	16⅛	+ ⅛
14½	7½	Adobe				102	7⅞	7⅛	7⅛	− ⅛
19⅞	16	Adob pf 1.84		11.		7	16⅞	16⅞	16⅞	
21⅝	18⅞	Adob pf 2.40		12.		14	20	19⅞	19⅞	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

NASDAQ NATIONAL MARKET

3pm prices February 11

FINANCIAL TIMES

Tuesday February 12 1991

AMERICA

Hopes of easier credit spur Dow

Wall Street

INSTITUTIONAL investors continued to commit sizeable funds to the market yesterday *morning, pushing prices higher* amid rising hopes of another cut in interest rates by the Federal Reserve, *writes Patrick Harverson in New York.*

At 1 pm the Dow Jones Industrial Average was up 40.84 at 2,871.53 on turnover of 154m shares. The Standard & Poors 500 was also firmer, up 6.13 at 365.48, while the Nasdaq composite index of secondary stocks was up 4.79 at 441.64.

The morning's gains appeared to confirm that a fully fledged bull market had returned. There was much public discussion over the weekend, on television and in the newspapers, about what lies behind the market's strength. The consensus was that the economy had reached its bottom, that interest rates would come down further and that, barring the occasional brief downturn – probably following bad news from the Gulf – share prices would continue to rise for much of 1991.

Among the chief beneficiaries of the buying were consumer non-durable stocks, which have been neglected in recent weeks. Procter & Gamble climbed \$1⅞ to \$83⅝, Unilever rose \$2⅞ to \$91⅞ and Colgate-Palmolive put on \$1¼ at \$74¾.

Boeing moved against the market on the news that British Airways, one of the world's largest airlines, was postponing a \$2bn aircraft replacement programme because of the slowdown in passenger traffic. Boeing was in line to win part of the order. After a delay in trading due to an order imbalance, the group's stock fell \$1¼ to \$51⅜ on turnover of 1.6m shares.

British Airways ADRs rose \$1¼ to \$28¾ on news of the postponement.

Among other airline stocks, AMR, the parent of American Airlines, rose \$2⅛ to \$59⅞ after the company and its pilots' union agreed to a tentative labour contract which should avert a strike. USAir edged \$⅜ higher to \$21⅛ after announcing that it was cutting 3,500 jobs.

General Motors fell \$½ to \$36⅞ following an indication from the company that it would report another big loss in the first quarter of this year.

Two companies that develop biological products featured. Synergen rose \$⅜ to \$27¼ on turnover of 1.3m shares after a block of more than ½m shares, or 5 per cent of the stock in issue, was sold to a variety of institutions. There was speculation that Eli Lilly, the drug company, may have sold its entire stake in Synergen.

Amgen fell \$1½ to \$77½ following a cut in its investment rating by Shearson Lehman, the broking house. Amgen shares had been sold late last week on the unexpected resignation of the company's president and chief operating officer.

Canada

TORONTO stocks rose sharply for the ninth straight session as investors flocked to the market in anticipation of further declines in interest rates. The composite index jumped 41.2 to 3,486.7 at midday. Advances led declines by 300 to 139 on volume of 18.75m shares.

Leading the gains were banks, mining, media and industrial shares.

Lac Minerals, which reported lower fourth quarter earnings late on Friday, eased C\$⅛ to C\$8⅞.

Computer software company Cognos Inc rose C\$1¼ to C\$16¾. Cognos and Corel Systems firmed on US investor interest.

EUROPE

Bond markets again sway bourses

BOND MARKET performance and the outlook for interest rates influenced share prices again yesterday. A firm opening on Wall Street also supported the late-closing bourses, *writes Our Markets Staff.*

FRANKFURT tested the 1,500 level on the DAX index, but ran out of steam after a busy first hour. The DAX closed 20.92 or 1.4 per cent ahead at 1,488.74 after a rise of 15.53 or 2.5 per cent to 635.76 in the FAZ at midsession. Volume rose to DM5.8bn from DM5.4bn.

Sentiment in the post-bourse was not enhanced by a decline in the dollar to yet another all-time low against the D-Mark, said Mr Jens Wiecking of Merck Finck in Düsseldorf. While Wall Street was up 20 points in early trading, German shares were a shade down from their official close.

The bond market also eased on late profit-taking after a fall in the Bundesbank's average bond yield of six basis points, *from 8.67 to 8.60 per cent*, during official trading hours. However, financials rose, Allianz putting on another DM70 to 2,380 after Friday's DM75 gain.

Construction was the weakest sector. Strabag fell DM11 to DM525, recovering from a low of DM518, on a weekend report that the company had repeatedly broken the United Nations embargo against Iraq.

Elsewhere, RWE, the diversified power generation group, jumped DM10.50 to DM398.50, in an indication that reunification prospects have not been completely forgotten. MAN, the engineering group, rose DM11.50 to DM357.50 after it said that its truck unit was expected to lift output in the current year by 8 per cent.

ZURICH was led higher by banking shares on hopes that, of the three big banks, Union Bank and Swiss Bank Corp would hold their dividends on 1990 results in spite of a drop in net profits. The Crédit Suisse index improved 14.4 or 2.9 per cent to 503.3.

MADRID enjoyed a strong day on hopes of lower interest rates. The general index rose 5.27 or 2.2 per cent to 245.89. Among the day's winners, Sarrió, which last week sold a paper business to Torras Hostench, gained Pta34 or 4.9 per cent to Pta735. Dragados, the construction company, added Pta110 or 4.3 per cent to Pta2,685, and Fecsa, the utility, rose Pta25 or 4 per cent to Pta655 on 1m shares.

Banco Hispano Americano, the commercial bank, put on Pta45 or 1.8 per cent to Pta2,520 after announcing a fall in 1990 in consolidated net profits.

AMSTERDAM was again supported by a firm bond market, although some analysts were wary about the bourse's recent rise. The CBS tendency index rose 1.8 or 2.2 per cent to a 1991 high of 83.7, but turnover remained modest.

KLM, the national airline, rose 90 cents to Fl 22.50 as some investors felt that the worst was now over. However, Mr Peter Houting at County NatWest was less optimistic about the airline's future. He was concerned that KLM might have to make additional cost-cutting measures in the second half, and he feared that its holding in North West Airlines could become troublesome.

PARIS continued to benefit from interest rate optimism, supported by the continuing rally in the bond market. The CAC 40 index added 14.54 to a year's high of 1,637.29 in turnover of about FFr1.9bn, after Friday's FFr2.2bn.

Cie La Henin, which has interests in the property and food businesses, was suspended from trading until Thursday. The move followed a jump in its shares of FFr44 or 9.9 per cent to FFr489 on talk that Suez plans to absorb its 43 per cent-owned subsidiary. Suez was little changed at FFr291, down FFr4.

Interest rate-sensitive stocks were firm, with credit card company Cetelem up FFr33 or 6.1 per cent at FFr578.

OSLO welcomed Hafslund Nycomed's announcement of record profits in 1990. Its A shares rose NKr4 to NKr162.

Mr Andrew Porter at Nikko Securities said that investors' fears about the group's ability to restructure itself through acquisitions and disposals seemed to have been unjustified. The company is holding an analysts' meeting in London today. The all-share index rose 18.24 or 4.1 per cent to 461.25 in active trading worth NKr451m.

MILAN appeared to have found a new equilibrium as foreign investors continued to buy, while individuals stayed away to avoid the stiff new tax on capital gains. Furthermore, selling from mutual funds to meet redemptions was drying up, dealers said.

The most popular sectors were telecommunications and cement. The Comit index rose 4.99 to 527.80, its sixth straight gain, in volume estimated at between L130bn and L150bn after Friday's L132bn.

On the technical side, the market was supported by the expiry of the monthly options contracts, of which about 30 per cent were exercised.

After the market closed, floor traders suspended an indefinite strike over the capital gains tax which had been due to start on February 15.

STOCKHOLM recovered partially from a bout of early profit-taking. The Affärsvärlden General index fell 3.3 to 972.5 in volume of SKr245m, down from SKr379m.

ATHENS rose 2.8 per cent, the general index gaining 27.02 to 995.26.

Interest rates pattern lifts equities

By William Cochrane

GLOBAL equity markets rose virtually across the board, and unusually strongly, last week as the *FT-Actuaries World Index* notched up a rise of 4.6 per cent. However, the different influences of interest rates led to variations among the main *territorial blocs.*

Lower interest rates set the pattern for the US, and to some extent the world, with a 0.5 percentage point cut in the Federal Reserve's discount rate to 6 per cent on Friday, February 1. On Wall Street this meant that anticipation of, and initial reaction to, the event was spread over two weeks; last week, after profit-taking on Thursday, the US rose in line with the world.

Anticipation is frequently more powerful than the event in equities. Tokyo backed up this theory last week as the Japanese market, in the hope of an interest rate cut, gained 5.7 per cent. In addition to rate hopes, says Nomura International, Tokyo saw index-linked buying, a reflection of US equity market strength, and an aggressive return to the market by foreign and domestic institutions in midweek.

Europe, once again, was the laggard. Bourses were thrown off balance by the German Bundesbank's decision to raise interest rates on January 31, the day before the US authorities dropped theirs. Germany was one below-average performer and Switzerland, always interest-rate sensitive, was another.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US \$ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	+2.06	+3.11	−31.70	−4.33	−4.71	−1.87
Belgium	+4.00	+8.23	−16.15	+5.13	+5.49	+8.64
Denmark	+4.73	+9.91	−12.25	+7.77	+7.82	+11.04
Finland	+1.98	+7.70	−38.32	−1.80	−2.59	+0.31
France	+3.37	+8.21	−17.50	+5.93	+5.60	+8.65
Germany	+2.29	+4.78	−23.10	+3.00	+2.66	+5.73
Ireland	+7.41	+9.06	−30.44	+3.39	+3.23	+6.30
Italy	+6.19	+2.79	−26.60	+0.68	+0.55	+3.55
Netherlands	+3.23	+3.44	−12.46	+1.98	+1.77	+4.81
Norway	+2.31	+4.78	−26.37	−3.20	−3.33	−0.45
Spain	+4.56	+10.77	−15.80	+7.90	+9.47	+12.74
Sweden	−1.09	+14.18	−17.85	+10.88	+10.72	+14.02
Switzerland	+1.75	+10.62	−17.37	+5.90	+5.40	+8.55
UK	+3.75	+6.36	−5.73	+4.29	+4.29	+7.40
EUROPE	+3.45	+6.54	−14.16	+4.23	+4.13	+7.23
Australia	+3.05	+9.02	−15.85	+5.33	+3.42	+6.51
Hong Kong	+4.20	+10.00	+13.15	+11.28	+8.12	+11.35
Japan	+5.67	+6.76	−33.50	+5.04	+8.26	+11.48
Malaysia	+4.58	+8.48	−10.82	+2.43	−0.16	+2.83
New Zealand	+10.23	+17.43	−27.97	+13.21	+12.33	+15.64
Singapore	+1.96	+9.62	−17.09	+9.39	+7.83	+11.04
Canada	+4.77	+7.09	−7.10	+4.37	+1.52	+4.55
USA	+4.62	+14.12	+7.93	+9.13	+5.97	+9.13
Mexico	+4.32	+8.42	+77.53	+3.02	−0.06	+2.93
South Africa	+3.86	−1.04	−24.26	−2.47	+2.63	+5.88
WORLD INDEX	+4.63	+9.25	−15.07	+6.25	+6.09	+9.25

† Based on February 8th 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Ltd

In its latest review of continental European strategy Barclays de Zoete Wedd says that short-term risks remain, and that European underperformance suggests that any "relief rally" will go further on the Continent than elsewhere.

"Relative economic prospects," it argues, "would not appear to have diverged as much as equity markets' performance." However, it says, the first intimations of the earnings season cast doubt on whether such a rally would be durable.

The week's two best performers were recovery situations. Ireland, a sad market in January and in 1990 as a whole, put on 7.4 per cent last week, but it was recovering from a much lower base than the rest of Europe, says Mr Robbie Kelleher of Davy's, the Dublin stockbrokers.

Mr Kelleher notes, too, that the US banking sector last week was one of the major beneficiaries of lower interest rates; previously, worries about the US acquisitions by the Bank of Ireland, and Allied Irish Banks (which together account for about one quarter of the Irish index) had helped to bring the market down.

New Zealand, longer and deeper in stock market recession than Dublin but up 10.2 per cent last week, benefited mostly from Brierley's sale of its 20 per cent Vickers holding, says Ms Pauline McAtamney of the brokers Ord Minnett. The stock accounts for 13 per cent of the local Barclays index and the deal took it up by 18 per cent over the week.

Ms McAtamney says that the market was oversold and notes that trading volume, as low as NZ\$5m before its recent recovery, was as high as NZ\$41.2m last Thursday.

Sweden recorded the only loss of the week, but it had some room for manoeuvre; it had been the world's best performer, with rises of 6.9 per cent in the week to February 1 and of 12.1 per cent from the beginning of 1991. Last week it hit another two consecutive year's highs before Ericsson rattled the market with a cautious look at 1991 prospects.

ASIA PACIFIC

Region strong in spite of Tokyo's closure

PACIFIC RIM markets mostly moved higher yesterday in active trading, with economic prospects providing support. Tokyo was shut for a holiday.

AUSTRALIA rose 1.9 per cent on futures-related buying and hopes of good inflation figures tomorrow. The All Ordinaries gained 24.9 to 1,365.4 – its highest level since late-November. Turnover came to A\$193m, up from A\$168m.

The banking sector led the advance, with ANZ rising 16 cents to A\$3.39 on 6m shares traded. National Australia 18 cents to A\$6.10 and Westpac 14 cents to A\$4.10.

NEW ZEALAND's rally continued as foreigners hunted for blue chips, amid persistent optimism over interest rates. The Barclays index climbed 31.73, or 2.3 per cent, to 1,406.94, although turnover declined from Friday's heavy NZ\$28m to NZ\$16m.

TAIWAN took off after the weighted index broke through the 4,500 chart resistance level. The market was also buoyed by improved liquidity as domestic investors sold their US dollar investments.

The weighted index forged ahead 188.73, or 4.2 per cent, to 4,729.65 as volume expanded to T\$68.85bn, the highest level in two weeks, from Saturday's T\$55.51bn. The market will be closed today for the Chinese new year holidays, reopening on February 19.

MANILA resumed its upward path after a two-day correction. The composite index advanced 34.96, or 4.1 per cent, to 876.68. BANGKOK rose in active trading, the SET index adding 16.86 at 745.22 on turnover of 6.2bn baht.

HONG KONG's Hang Seng index strengthened 34.99, or 1 per cent, to 3,394.08, while turnover improved to HK\$1.35bn from HK\$1.27bn.

SINGAPORE saw interest in speculative Malaysian issues. The Straits Times Industrial index gained 7.93 to 1,302.03 and volume rose to S\$142m from S\$138m. Roxy Electric was suspended on rumours that the company would soon announce an acquisition.

In KUALA LUMPUR, however, the composite index slipped 0.61 to 518.32 in turnover of 83.3m shares, down from 76.5m.

BOMBAY drifted lower on fears of a long Gulf war. The BSE index lost 16.73, or 1.6 per cent, to 1,013.50. The market is closed today for a festival.

SOUTH AFRICA

GOLD SHARES closed mixed as the bullion price eased to about \$367 but industrials ended higher. The all-gold index fell 13 to 1,062, while the overall index rose 28 to 2,699. The industrial index gained 44 to 3,094.

Istanbul witnesses a revival in fortunes

Investors great and small have returned, says **John Murray Brown**

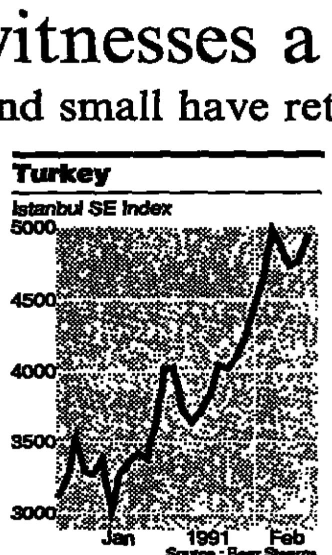
THE ISTANBUL Stock Exchange has witnessed a sharp revival in fortunes, with the index regaining the levels prevailing before the start of the Gulf crisis last August. Yesterday the index closed at 4,933.65, up 165.64 or 3.5 per cent on the day, and 47 per cent higher since January 16, the day before the war started.

The bourse, which lists about 100 stocks, also saw large increases in trading volume. On Wednesday the exchange had record turnover of TL275bn (\$91m) as speculative activity increased, pushing the index briefly through 5,000.

Foreign institutions, however, have withdrawn from the market, many as early as last November. As long as the war continues, Istanbul will be of marginal concern in most foreign portfolios.

Volumes have swollen for several reasons. The initial war panic saw Turks rushing to withdraw deposits from the banks; today investors are looking for a short-term home for this money. An additional factor is the jump in money supply, which has risen by TL6 trillion (million million) since the war began as the authorities have raised the volume of bank notes in circulation to meet depositors' demands. Current money supply is about TL19 trillion.

Turkey



Source: Bear Stearns

Moreover, gold, normally a safe haven in times of crisis, has proved less alluring. Gold prices are in decline. Prices for Cumhuriyet, the Republic gold coin, had slipped to TL250,000 on Friday, down 10 per cent since the war started.

Brokers are now seeing a return to the market by all the big domestic investors – institutions, jewellers from the covered bazaars and the private stockholders. "When one of the bazaars, each with close to TL4bn invested, plays the market, you can really feel it," says Mr Ismail Kovaci of the Stock Exchange.

Particular interest has centred on Metas, the debt-ridden Izmir steel company, after the government unveiled plans for a financial rescue, involving the conversion of bank debt into equity.

There is also a seasonal factor as companies prepare to announce capital increases at annual board meetings due in March. By boosting capital, companies aim to keep ahead of inflation, now at 60 per cent. Banks are expected to seek capital increases in line with efforts to meet the capital adequacy ratios set by the Bank of International Settlements.

The euphoria has even tempted into the market the normally cautious Public Participation Fund (PPF), the government body entrusted with handling the sale of state companies to the public. In spite of signs of a slowdown in the privatisation programme, brokers say the PPF was an active seller last week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY FEBRUARY 8 1991								THURSDAY FEBRUARY 7 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	125.74	−0.5	93.79	101.58	95.21	107.23	−0.2	6.76	126.37	93.81	102.20	95.33	107.45	158.31	112.74	142.47
Austria (19)	192.97	−0.4	143.95	155.89	146.12	146.34	+0.0	1.87	193.80	143.88	156.75	146.20	146.32	285.63	167.00	248.58
Belgium (60)	143.65	+0.1	107.16	116.03	108.77	106.10	+0.5	5.55	143.46	106.51	116.02	108.22	105.61	160.02	121.73	146.37
Canada (116)	135.95	+0.4	101.41	109.82	102.94	114.05	+0.4	3.51	135.35	100.48	109.46	102.09	113.64	153.61	121.24	141.99
Denmark (32)	258.31	+0.5	192.68	208.67	195.60	197.00	+0.6	1.52	257.04	190.83	207.90	193.91	195.78	277.62	217.74	256.27
Finland (21)	103.46	+0.3	77.18	83.59	78.35	77.05	+0.6	3.96	103.17	76.60	83.45	77.83	76.62	152.29	90.61	150.51
France (113)	143.15	+1.1	106.78	115.63	108.38	111.37	+1.5	3.71	141.52	105.07	114.45	106.75	109.72	168.85	121.65	150.92
Germany (88)	118.31	+0.1	88.25	95.59	89.59	89.59	+0.4	2.54	118.25	87.79	95.65	89.20	89.20	144.63	101.38	132.79
Hong Kong (48)	135.63	+0.6	101.17	109.57	102.71	135.73	+0.6	4.94	134.78	100.06	109.01	101.68	134.95	147.49	112.24	119.31
Ireland (16)	157.82	+0.7	117.73	127.49	119.51	121.68	+1.1	3.76	156.74	116.37	126.77	118.24	120.39	198.57	132.88	195.94
Italy (91)	81.09	−0.1	60.49	65.50	61.40	66.42	+0.5	3.80	81.17	60.26	65.64	61.23	66.07	109.26	72.05	96.24
Japan (453)	139.09	+1.0	103.76	112.37	105.34	112.37	+0.9	0.76	137.67	102.21	111.35	103.87	111.35	197.26	106.58	183.23
Malaysia (34)	218.14	−0.1	162.72	176.22	165.18	226.04	−0.1	3.33	218.46	162.18	176.68	164.79	226.37	250.89	182.96	240.77
Mexico (12)	601.55	+0.9	448.72	485.96	455.51	1944.03	+0.9	0.35	595.89	442.39	481.95	449.52	1925.76	613.96	324.53	366.97
Netherland (41)	140.41	+0.3	104.74	113.43	106.33	105.17	+0.6	5.11	140.02	103.95	113.25	105.63	104.49	149.03	125.70	138.36
New Zealand (15)	50.20	−0.6	37.45	40.56	38.02	44.39	−0.1	7.65	50.48	37.48	40.83	38.09	44.46	75.36	41.18	68.64
Norway (30)	203.35	−1.0	151.69	164.28	153.99	157.81	−0.5	1.93	205.38	152.47	166.11	154.93	158.68	276.79	182.24	237.88
Singapore (25)	176.86	−1.4	131.93	142.88	133.92	139.58	−1.3	2.98	179.40	133.19	145.10	135.33	141.45	209.24	147.24	195.29
South Africa (60)	193.28	−0.2	144.18	156.13	146.35	132.85	+1.9	4.09	193.60	143.73	156.58	146.05	130.41	251.39	151.50	240.90
Spain (41)	158.19	+0.0	118.00	127.80	119.78	109.59	+0.4	5.18	158.23	117.47	127.98	119.37	109.15	182.25	128.54	156.69
Sweden (27)	181.80	−0.7	135.62	146.87	137.67	147.22	−0.7	2.78	183.15	135.97	148.14	138.17	148.24	234.93	146.60	196.73
Switzerland (65)	96.53	+0.3	72.01	77.99	73.10	74.45	+0.9	2.82	96.22	71.43	77.82	72.59	73.82	109.77	82.17	96.89
United Kingdom (296)	177.93	−0.3	132.73	143.73	134.72	132.73	+0.1	5.27	178.54	132.55	144.39	134.67	132.55	178.54	139.87	159.68
USA (526)	145.48	+0.8	108.52	117.53	110.16	145.48	+0.8	3.40	144.37	107.18	116.77	108.91	144.37	148.95	119.06	135.02
Europe (940)	144.26	+0.0	107.61	116.54	109.25	108.78	+0.5	4.29	144.22	107.07	116.65	108.80	108.28	157.65	124.91	143.74
Nordic (110)	184.83	−0.2	137.87	149.31	139.96	139.50	−0.1	2.18	185.22	137.51	149.81	139.73	139.60	223.29	155.55	198.51
Pacific Basin (650)	138.12	+0.9	103.03	111.59	104.59	112.61	+0.8	1.12	136.83	101.58	110.67	103.22	111.66	192.75	107.82	179.32
Euro – Pacific (1590)	140.99	+0.6	105.17	113.89	106.75	111.79	+0.7	2.45	140.20	104.09	113.39	105.76	111.04	174.18	116.03	165.31
North America (642)	144.80	+0.7	108.01	116.99	109.67	143.38	+0.7	3.40	143.72	106.70	116.26	108.44	142.32	148.43	119.26	135.34
Europe Ex. UK (644)	123.73	+0.3	92.29	99.97	93.71	94.78	+0.7	3.55	123.35	91.57	99.78	93.07	94.11	145.62	106.85	132.63
Pacific Ex. Japan (197)	125.96	−0.2	93.96	101.77	95.39	111.75	+0.0	5.69	126.18	93.67	102.07	95.19	111.76	146.72	111.40	132.33
World Ex. US (1778)	141.60	+0.5	105.63	114.40	107.23	112.54	+0.7	2.50	140.83	104.55	113.91	106.24	111.77	173.77	117.12	165.34
World Ex. UK (2008)	138.29	+0.7	103.16	111.72	104.73	121.74	+0.8	2.50	137.26	101.90	111.02	103.56	120.78	162.00	115.37	152.91
World Ex. So. Af. (2244)	141.49	+0.6	105.55	114.31	107.15	122.74	+0.7	2.80	140.61	104.39	113.73	106.08	121.88	161.84	116.04	152.96
World Ex. Japan (1851)	144.62	+0.4	107.88	116.84	109.53	128.33	+0.6	3.84	144.01	106.92	116.49	106.66	127.55	151.59	124.31	139.69
The World Index (2304)	141.81	+0.6	105.78	114.56	107.39	122.81	+0.7	2.81	140.93	104.63	113.98	106.32	121.94	162.05	118.33	153.49

Latest prices were unavailable for this edition.